EUROPE'S BUSINESS NEWSPAPER

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Friday July 15 1988

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World News Mexico poll Berlusconi victor hails to pay 'mandate for L1,000bn for change'

Final results of Mexico's July 6 SILVIO HERLUSCONI, Italy's per cent of the 19m votes cast. Chain. Mr Berluscomi is acquiring Carlos Salinas de Gortari, victorions prasidential candidate, services and retailing subsidiary greeted his victory as "a mandate" of Montedison, the Italian chemiter, however, continued to allege Gardini. Page 18 electoral fraud. Page 4. . .

Iran withdraws troops Iran said its forces had withdrawn from the Kurdish Haj Omran area in northeast fraq. Iraq steps up pressure, Page 3.

Gunman surrenders

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An armed Arab who barricaded himself in the Libyan embassy in Bonn on Thursday and demanded to be flown to Libya, surrendered after nearly 12 hours.

Liberian troops on alert Forces loyal to President Samuel Doe were story for norfisem Lib-eria as the Government annotypican invading force led by a former vice-president had feen different

Angola peace prospects Vernon Walters, US ambassador to the UN, said that many obstacles remained to peace in Angola despite the progress made in talks in New York this week. Analysis, Page 8.

Hijack trial scheduled A 22-year-old Lebanese Shia Mos-lem accused of hijacking an Air will stand trial in Switzerland in

The majority of the Pakistan- Page 38

meet in Baghdad next week to up 9.25 at 2,113.62. Page 38 discuss Syrian support for the break-away group that forced DMLAR closed in New York at DML8535, Y133.25, SFr1.5360 and Ffr6.2490. It closed in London at Beirut last week.

President Francois Mitterrand 27
gave a garden party for 4,000 people to mark the 199th anniversary of the storming of the Bassille prison during the French Revolution.

SF2.5875 (SF2.59) and FF710.53 (FF710.5350). Page 27

PLESSEY, the UK electronics Mitterrand of France yesterday became the first Western head of state to welcome the proposal this week by Mr Mikhail Gorbachev for a purely European summit aimed at head of true out the proposal this week by Mr Mikhail Gorbachev for a purely European summit aimed at head of true out the proposal this week by Mr Mikhail Gorbachev for a purely European summit aimed at head of true out the proposal this week by Mr Mikhail Gorbachev for a purely European summit meeting.

Mr Mitterrand yesterday said head of true out the possibility head

coast, to serve Channel Tunnel



of drng sunggling is image of the Bahamas

Winning and losing

Business Summary retail chain

general elections, declared late commercial television magnate, on Wednesday night, gave the is to pay around L1.000m (\$733m) institutional Revolutionary Party to acquire Standa, the nation's (PRI) – in office since 1917 – 50.4 biggest retail department store per cent of the 19m votes cast. chain. Mr Berluscoil is acquiring

DG BANK, the umbrells to West Germany's co-operative banks, said it was involved in "very con-structive and advanced" negotiastructive and anywheel lagora-tions with 25 Spanish rural savings banks (Cajas Rurales) on setting up a new "central" bank for Spanish rural credit institutions, in which it would take a stake.

SUGAR: London prices followed the sharp overnight gains in New York. The London Daily Price for raw sugar rose \$20 to \$385 a



tonne while the price for whites put on \$14 to \$346 a tonne, the highest levels in dollar terms for seven years-Page 26

Tamil strike protest terday's US trade data hit trading
The People's Liberation Front of in international stocks, and most

based Afghan guerrilla alliance wall STREET: Concern about rejected a UN-sponsored plan to install a "peace and reconstruc-tion" coalition in Kabul prospects for interest rates and a round of prime rate increases were overriden by caution prior PLO council to meet to today's US trade figures for May and left stocks, and bonds the Central Council of the Pales with little direction. The Dowtine Liberation Organisation will. Jones Industrial Average closed

DMI 8535, Y133.25, SFri 5860 and FFr6 2490. It closed in London at DMI 8470 (DMI 8450), Y133.15 Bastille Day celebration and FF16.2325 (FF16.2250). Page

US military electronics group.
The move is a further step in
Plessey's strategy of building an
international network of defence An 11-year-old Californian boy electronics companies to lesses became the youngest pilot ever to fix dependence on the UK defence industry. Page 19

WEEKEND Tomorrow: how a wave threatening the paradise

going on in Vienna on the possi-bility of negotiating conventional arms reductions, and that they sought to split Europe from its North American allies. Although Mr. Gorbachev talked of cutting troop levels by 500,000 for both Nato and the Warsaw

British Aerospace to go ahead with purchase of Rover

BY MICHAEL CASSELL, KEVIN DONE AND WILLIAM DAWKINS

had clarified the terms of the deal, which now proved satisfac-tory to the BAe board.

Watched by Professor Roland Smith, chairman of BAe, and Mr Graham Day, chairman and chief executive of Rover Group, he stressed that BAe's doubts had not related to the hasic financial framework of the deal, which had not been changed as a result of yesterday's talks with the Com-mission.

Mr Kenneth Clarke, the Industry Minister, later told the Com-mons that BAe's reservations centred on the "commercial flexibility" available to the management in complying with the Commission decision. Under the est of Rover and our shareholdpurchase, yet to be approved by ers.

BAe shareholders, the last constituent parts of what was British lic sector in Britain — British Leyland will have been returned to the private sector.

BRITISH Aerospace last night agreed to proceed with its purchase of Rover Group, following asked for more time, not to negonate which the group's last-minute reservations about the proposed takeover were resolved.

Professor Smith said that on he added, noting that "we are looking at Rover as it is today asked for more time, not to negonate has been in the past."

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Professor Smith said that on he added, noting at Rover as it is today asked for more time, not to negonate has been in the past." which the group's last-minute BAe was quite happy with those, reservations about the proposed takeover were resolved.

Lord Young, Trade and Industry Secretary, told the Lords last night that talks yesterday involving the European Commission, for the first time at noon yesterday.

In particular BAe granted to

In particular, BAe wanted to clarify "the circumstances in which some part of the state aid might become repayable."
Professor Smith added that both the Government and the Commission had "since lunch-time yesterday...clarified those

concerns to our satisfaction."
Ha said that while BAe accepted the requirement for sixmonthly monitoring of the Rover business by the Commission through the DTI "at least in the short term, we have to ensure that the board of BAe has the

Aerospace has no desire to return to the public sector in Brussels,"

environment and we will change in line with changing markets, technologies and production levels. We are confident that we can negotiate whatever changes are

Rover Group was now trading favourably, said Professor Smith, "We are buying a profitable business, We are not looking for ultra-cophisticated synergies, we just want profits. We are buying it mainly debt-free."

Lord Young said that BAe was now satisfied that the Brussels authorities would not intefere with any minor variations to the

with any minor variations to the that Brussels would treat any major changes on their merits, said Lord Young. The aircraft company must make six-monthly reports to the Commission on the plan's progress. Brussels ron-tinely attaches conditions of this kind to agreement to state indus trial subsidies. Continued on Page 18

Background, Page 7; BAe bid. Page 8; Lex, Page 18

The Commission gets tough

THE SHOWDOWN over the the market distorting potential of cally the worst offender, even i future of Rover is a dramatic sign state subsidies will become all fainre of Rover is a dramatic sign state subsidies will become all of the European Commission's the more intense as the European New Youghness in enforcing competition rules, writes william in dismantling market barriers in the run up to the 1992 deadline for the creation of a free single market. The same applies to the year special to the very few these it wields real powers.

debt write-off the British Government was planning to offer Rover to assist its takeover by BAe. The Rover decision follows recent tough reductions in state aid for a new Mercedes-Benz plant in

Bastille Day procession of French armed forces, Mr Mitterrand said the Soviet leader's approach, made in a speech to the Polish parliament, should be welcomed because it is the first time since the made of the Second World Wert

the end of the Second World War that instead of over-armament we

have disarmament."

The Bustille Day parade included a fly-past of the new Mirage 2000 N aircraft, carrying France's new airborne mediumrange nuclear missiles.

Other members of the Western

Other members of the Western

alliance have been more critical

of Mr Gorbachev's proposals, feel-ing that they were aimed at dis-

tracting attention from talks

Restatt, West Germany, and capi-tal restructuring for Renault, the French state-owned producer. The root of Brussels' fervour to see fair play is its realisation that

Mitterrand backs

cians' claims that Rover is being singled out for unfair attention, the French Government was the real leader of the Commission's state aid hit-list last year, having been ordered to reclaim fiva hand-outs worth a total of Ecu565m. Belgium came next with 10 repayments worth

Italy is thought to be techni-

he did not rule out the possibility that Mr Gorbachev hoped to "decouple" the US from Europe, but said that such a hope was a

He said the reduction of con-ventional arms was an absolute

priority which should take prece-

dence over any reinforcement of

short or very short-range nuclear weapons, adding that in order to reduce tension the first require-

ment was to bring the conven-tional forces of Nato and the Warsaw Pact back into balance. "Everything that Mr Gorba-chev proposes in this direction I

will approve, everything which does not go exactly in this direc-

tion and which would lead to

interminable discussions with no possible result I will not accept,"

Brussels has so far failed to pursue illicit aid. This situation will now change, thanks to the open-ing of an inquiry into a planned 1.7,600bn (\$5.50bn) rescue package for Ilva, formerly the state-owned Finsider steelmaker.

Under the far-reaching provi-sions of Article 93 of the Treaty

The People's Liberation Front of Tamil Eclam ordered shops and offices in northern Sri Lanka to close, in protest against raids on the FT-SE 100 index lost 8 to 1.865.3. Page 34

Sikh militari killed in leading member of the KCF Sikh separation the second to die in less than a week.

Afghan groups say no

The People's Liberation Front of Tamil Eclam ordered shops and offices in northern Sri Lanka to close, in protest against raids on the rise in US prime rates also tempered file market's mood and assistance is one of the very few areas where it wields real power. Accordingly, officials made it the unprecess of the reading bight technology stocks helpell rais shaws prices algebrate prices algebrate for Iva, formerly the state-owned from their groups and offices in northern Sri Lanka to the rise in US prime rates also the governments just how much they can spend on industrial antice of the very few areas where it wields real power. Accordingly, officials made it to the first in accordingly of Rome, the Commission has attacked with equal toughness.

The same applies to the word on industrial antice anti-competitive cartols, which it commission has attacked with equal toughness.

The same applies to the very few areas where it wields real power. Accordingly, officials made it is no accident that the unprece dented density by British Aerospic files in the unprece density of the provided and the provided and the provided and the provided and the provided real power. Accordingly, officials made it is no accident that the unprece density of the provided real power. Accordingly, officials made it is no accident that the unprece density of the provided real power. Accordingly of Rome, the Commission can block or force the reading provided real power. Accordingly of Rome, the Commission can be accorded to the provided real power. Accordingly of Rome, the Commission can be accorded to the provided real power. Accordingly of Rome, the Commission can be accorded to the provided real power. Accordingly of Rome, the Commission sion-making. Governments are obliged to notify details of all state aid to Brussels for advance vetting, as they did in 316 cases last year, more than double the 124 aid notifications made in

Their only recourse against an adverse decision from Brussels is to appeal to the European Court of Justice in Luxembourg, but the court has shown an increas Continued on Page 18

François the Pharaoh

PRESIDENT François Mitter-

PRESIDENT François Mitterrand has long cultivated a
pharaonic superiority, placing
himself above the everyday
political fray, writes George
Graham from Paris.

Now, after crowning his first
seven-year presidential term
with the Pyramid of the Louvre, a glass construction
designed by the Chinese-American architect Icoh Ming Pei,
he is memoring to celebrate his he is preparing to celebrate his second term of office by rebuilding the Library of Alexandria, the richest library of the ancient world, with an estimated 500,000-700,000 manuscripts, burnt down in

Mr Mitterrand announced yesterday in his traditional Bastille Day television inter-view that he planned to build the largest and most modern library in the world as one of the major projects of his sec-

ond presidential term.

The idea of building a new national library was proposed by the last Minister of Culture, Mr François Léotard — one of Mr Mitterrand's personal bêtes

Mr Mitterrand said.

The French President said he hoped to meet Mr Gorbachev again before the end of the year. noires – and was criticised at Continued on Page IB Polish intellectuals argue for

sovereignty, Page 2 The environment: UN sets course for an "ethical" future

	through for the brokers1
	Mexico: Breeking the mould - millions so no to one-party rule
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	Hollywood: Metro Goldwyn Mayer's new chic shoots for the stars1

Competition drives Citicorp out of UK gilts market

By Clive Wolman and David Lascelles in London

CITICORP, the largest banking group in the US, closed down its British gilt-edged trading operation last night, as a result, it said, of a management review which concluded that an acceptable rate of return could not be achieved because of the intense competi-

The closure of the operation, Citicorp Scrimgeour Vickers Securities, will affect 56 people, but Citicorp said it hopes to be able to re-absorb as many

as possible elsewhere.

The Citicorp withdrawal is
the most spectacular in the
gilt-edged market since it was restructured as part of the Big Bang reforms in 1986 with 27 official market makers.

official market makers.

The announcement led to speculation that it would prompt a wave of other withdrawals from the chronically overcrowded and over-capitalised market, just as Citicorp led the way in writing off a large proportion of its Third World debt. However, Nomura and Dalwa, the two largest Japanese securities houses, will soon start trading as will soon start trading as gilt-edged market makers after receiving delayed clearance last week.

Four other institutions have already withdrawn from the market, including Lloyds Bank and Prudential-Bache. But none achieved anything approaching the market share of Citicorp which is estimated to have captured between 6 and 7 ner cent of the market. and 7 per cent of the market.
Despite this share, the firm
has steadily lost money
throughout the last two years. Since it acquired a stake in the stockbroking firm Vickers da Costa in 1983, Citicorp has

emphasised its ambition to build up one of the world's largest global securities operations, based primarily in London. Trading in fixed interest securities such as gilts was viewed as the key link between investment, banking and Citi-corp's traditional commercial banking operations and the bank is thought to have invested about £25m (\$42m) of capital in the gilt-edged firm. In an unrelated move, Mr Paul Roy resigned yesterday as one of the two managing directors of Citicorp Scrimgeour Vickers, the umbrella securi-ties subsidiary of Citicorp in the UK. He is to jota Smith New Court, the largest inde-pendent securities firm, as the joint managing director of its UK broking operations with a former colleague

US banks lift prime rate to 9.5 per cent

LEADING US banks yesterday increased their benchmark prime corporate lending rates by half a percentage point to 9.5 per cent. The move had been widely expected given the rise in money market interest. ket interest rates in recent

The rise came only a day after testimony before Congress by Mr Alan Greenspan, chairman of the Federal Reserve Board, in which he warned about the need to head off inflationary pressures and said that the Fed would err on the side of restrictiveness in

monetary policy.

Chase Manhattan was the first to increase prime rates yesterday but was quickly followed by most of the other major US banks. The increase was the first since May
11 when rates were put up by ½
point. The rise had little impact
on US financial markets, which have been in a state of near paralysis throughout this week in advance of today's publication of trade figures for May, The Dow Jones Industrial

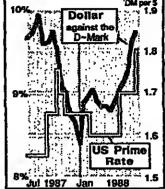
Average closed 9.25 points up at 2,113.62 US Treasury bonds slipped around 1/8 point and the benchmark long bond was quoted 1/16 point lower for a yield of 9.18 per

The dollar stayed in a narrow range yesterday in subdued trad-ing in advance of today's trade release. It closed at DM1.8535, Y133.25, SFr1.5360 and FFr6.2490. Reaction in financial markets to Mr Greenspan's statements on Wednesday has been confused. One camp seemed to derive reassurance from Mr Greenspan's assertion that inflation would be contained and concluded that no drastic tightening in monetary policy was envisaged by the Fed. The other, more widely beld view is that Mr Greenspan hinted, albeit in deliberately soothing language, that interest rates would be forced higher to

omy.
The bond market reacted negatively to news yesterday of a 0.5 per cent increase in retail sales in June which it interpreted as showing somewhat stronger consumer demand than expected. Anthony Harris writes from Washington: The rise in prime rates, although it is clearly mildly embarrassing to the Republicans, since it comes on the eve of the Democratic convention, appears to be largely technical, designed to restore the normal margin over the cost of funds in the Euromarkets for the money-centre banks.

The tone of Mr Greenspan's

slow down growth in the econ-



evidence to the Senate Banking Committee yesterday could clearly be read as an encourage-ment for a small rise in rates, although the Fed remains unwilling to push them up.

The official discount rate - the

cost of reserves at the official lending window - is now fur-ther out of line with money market rates and may have to be

The signs from the real US economy remain mixed, with no firm support for Mr Greenspan's hope that domestic demand would continue to slow down. While Wednesday's figures for new house sales continued the very weak trend which has been evident since the beginning of the year, the advanced report on the year, the advanced report on retail sales released yesterday was regarded in the markets as unexpectedly strong. It showed an increase of 0.5 per cent over the previous month, with strong sales of household durables and some revival in non-durable sales as well as another strong month. as well as another strong month for car sales.

The car market has, however, started July with quite a sharp fall, with sales at an annual rate of 7.1m. against market expectations of 7.4m units. Consumer confidence about the economy remains, however, near its all-time high.

The persistently high level of Eurodollar rates appears to rel-fect some reservations about the trend of the US trade deficit. The market expects some recoil from the unexpectedly strong April figures when the May results are announced tomorrow, but Mr Greenspan's statement that the figures "are likely to be erratic" has been read in some quarters warning of a worse outcome. Kohl visit to Bundesbank sparks interest rate speculation, Page 2; Markets, Section II

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Intl. Canital Ma



ANGER OF THE SECOND-CLASS GERMANS

Leader Erich Honecker remains deeply suspicions of his subjects' desires, Page 18

Foreign Exchange: Survey

Internal divisions cloud East-West weapons talks

And diplomats from other

Western demands over human

rights.
French and West German pres

dual-capable systems.

Under the new Western for

mula, nuclear weapons as such would still be excluded from the

can use both kinds of weapon.

tional arms.

The Warsaw Pact, which is itself riddled with divisions, clearly senses differences within

the Western camp.

On Wednesday, it fletly rejected several Western amendments on humanitarian issues.

The belief among certain Warsaw Pact countries is that more com-

promises in this area can still be

extracted from the West. While the Soviet Union is pre-

BY JUDY DEMPSEY IN VIENNA

FRANCE, West Germany and the this month, there is little time for Soviet Union are all eager, for the outstanding problems to be different reasons, to get a new round of East-West talks on conironed out. Western oations - notably the US, Canada, Britain and the ventional arms off the ground as soon as possible. Netherlands - caution against undue haste, and lo particular

But there are differences of emphasis within the Western camp, and also within the East- against the "watering down" of ern camp, about how many compromises should be made to achieve this goal. These differences are clouding the prospects sure was apparently instrumentor the early agreement on new talks which Europe's three hig forward compromise proposals in land powers would so much like a bid to break the deadlock over

If the proposed "Conventional Stability Talks" (CST), which would group the 16 members of Nato and the nine countries of the Warsaw Pact, are to be CST, but this "exclusion clause" would not automatically rule oo inched, two preconditions will discussions about systems that This is designed to allay Soviet fears that the exclusion clause will be used by the West to her from negotiation some conven-

Ooe is that the 35 countries which participate in the Helsinki which participate in the heising process - all European states save Albania, plus the US and Canada - must bring to a suc-cessful conclusion the related talks which they have been hold-ing in Vienna since November

The sticking point in these 35-nation talks is human rights. Romania in particular is refusing to give the Western side any of the undertakings it wants on this

matter. The second pre-coodition for starting the CST is agreement on whether the talks should include dual capable systems, ones that can carry either nuclear or coo-ventional arms. Broadly, the Warsaw Pact wants such systems on the table, while Nato wants to

The foreign ministers of France and West Germany, who visited Vienna at the beginning of the month, made clear they wanted the CST to start as soon as possi-

Privately, diplomats from those countries say they would like to see the oew arms talks begin as

BY HAIG SIMONIAN IN FRANKFURT

the German discount rate, which was raised to 3.0 per cent from 2.5

or to the rate for securities repur-

as well as questions relating to

European monetary integration in a meeting that was largely a routine exchange of views. The

is also likely to have come up.

The baok also repeated its

the Chancellor discussed eco- agenda.

CHANCELLOR Helmut Kohl of growth, which it said was still

West Germany attended yester adequate and to be maintained as day's regular meeting of the far as possible.

Bundesbank's governing council The Chancellor's visit marked

However, yesterday's meeting Mr Kohi has been paying a brought no mention of changes to series of visits to independent

per cent at the end of last month, hing to near DM 1.85 in Frankfurt

chase agreements (repos), which the same level in London, cur now stands at 3.75 per cent.

According to the Bundesbank, pied s substantial part of the

routine exchange of views. The and giving further signals to issue of a European Central Bank dealers throughout the afternoon.

commitment to a 3-6 per cent tur-get range for M3 money supply eign exchange markets this weak.

WITH torrential rain barely giv-ing way to a heavy drizzle, dled shovel specially made for Wednesday evening's official the occasion, the dignitaries cere-

ground-breaking ceremony for moniously dug out the first clod Europe's tallest skyscraper, the of earth from what will be the Messeturm in Frankfurt, hardly base for the 254 metre tower.

However, the assembled dignitaries, including Mr Walter Wallamn, prime minister of the state little room for mistakes. According to the sextimates, the building to the estimates, the building to the estimates.

Citibank, the US bank leading promineot German-born US the financing for the project, put architect, is due to be completed to 36 months.

German institutions recently. However, with the dollar clim-

yesterday and holding at around

The Bundeshank again inter

vened in the foreign exchange

markets, selling \$86.5m at the

mid-morning fixing in Frankfurt,

The Bundeshank has been

Frankfurt sets out to tower over Europe

since the related 35-nation sions mean the road to consensus talks are expected to break up for is still paved with dissenting a summer recess at the end of stones.

overturns Italian pasta law

bourg yesterday.

In an important win for the idea of a single European market in food, the court declared

charter, the Treaty of Rome.

pared to accept compromises in this field - and Poland and Hun-The immediate upshot of yesterday's judgment is that the complainant, the West German company Drel Glocken, is free to sell pasts made from ordinary wheat in the Italian market. In giving its reasons the court said it was not impressed by claims that the West Comman arrists congary are prepared to go even fur-ther than Moscow - Romania. Bulgaria, East Germany and Czechoslovakia would all like to see a "watered-down" human rights document. Some Western delegates have been using suphoric language to describe the prospects for an agreement — "Just one hig push and then we will have a final West German variety con-tained additives prejudicial to the Italian ester's health or by soggestions that labelling of packages provided insuffici

But the increasingly visible West-West and East-East divi-The court also dismissed the Kohl at Bundesbank amid interest rate speculation

The pasta ruling may also add fuel to the political cam-paign by France and West Geramid further rises in the value of the dollar against the D-Mark and continuing speculation as to when German interest rates will again be raised.

The Chancelor's visit meaning the first time a West German head of government has participated in e Bundeshank council meeting eince Mr Helmot Schmidt in 1978. many to highlight the threat to food quality which they say is created by moves towards an internal market in food. shaken by a previous Euro-pean Court ruling which overturned its national ban on milk substitute products and has circulated e paper in Brus-sels containing outline propos-als for greater legislative pro-

Portuguese pay

PORTUGUESE unions yesterday demanded a revision of a national wage and prices accord as official figures showed the annual inflation above the government target

Reminiscent of New York's

expanding service sector.

tions are also prominent.

in its first European venture.

EC court

THE ITALIAN palate may soon be sampling West German pasta following e key inde-ment by the European Court of Justice announced in Luxem-

that a long-standing Italian law which requires the excin-sive use of hard or durum wheat to the manufacture of pasta is contrary to the Buro-pean Community's founding

Significantly, the court over-turned the earlier opinion of the court's advocate-general. who hed cited the French writer André Gide in a ringing desence of the quality of the

Italian product. The ruling is also important because it reinforces a princi-ple established in the Cassis de Dijon case in 1979 that member states cannot block the importation of food or drink from other EC countries unless they can show that there are sound reasons of health, safety

or consumer protection.

Ironically in the Cassis case
it was West Germany which
argued that the red liquid did not contain enough alcohol to be deemed a liqueur, just as it was the Bonn Government seven years later which tried to defend the purity of West German beers against foreign competitors, losing on largely

the same grounds.

The immediate upshot of protection for the local con-

argument that pasta producers provide an important outlet for Italy's farmers, that national legislation complements the aims of the Common Agricultural Policy, and that the use of other raw materials by local processors risks adding to existing surpluses and imposing extra costs on the EC budget.

Moscow rejects demands of rebel Armenians

THE SOVIET authorities in try's highest constitutional factories and most shops. Food from Azerbaijan had no legal strators were detained on the Moscow look determined not to authority — would be meeting in supply in Nagorno-Karabakh is basis. The region fell under the steps of the Lemin library.

Mr Sergei Grigoriants, editor of Armenian nationalist demands, pute between the two Transcaular in spite of further massive demographics.

Obstrations and continuing strike.

He armenial the westelling of detained after an unauthorised onstrations and continuing strike

of Azerbaijan and join the neighbouring republic of Armenia.

He confirmed, however, that the Presidium of the Supreme Stepanakert, capital of the rebellious enclave, has closed down all

His statement came after a big action in support of self-determine new demonstration — estimated nation for the enclave of Nagor at between 200,000 and 300,000 no-Karabakh.

A government spokesman yesterday flatily rejected the legality of the decision by the local council in the mountain region to specify from the Soviet republic of Azerbaijan and join the region.

Basely helf the contemplate in Ragor-no-Karabakh itself.

now almost two months old.

that in the past month police had conflicated 12 hand grenades, 40 imitation grenades, nine pistols, two sawn-off shotguns, 12 rifes, imitation grenades, nine pistols, two sawn-off shotguns, 12 rifles, 200 submachine-gun cartridges, and 600 small-bore cartridges, In Moscow, Mr Vadim Perfibration but also in the Baltic republics in but also in the Baltic republics in the Nagor no-Karabakh decision to seede sentiment—not only in Arimenia and Ultrainian activists.

The rising tide of nationalist and Lifthuania, as well as Latvia, and Ultrainian activists.

The city newspaper Moskov-akaya Pravda denounced the increasing number of nationalist.

aid.

He expected the presidium of detained after an unauthorised The Ministry of Internal the Supreme Soviet to meet, to demonstration in which they Affairs in Stepanakert, inter-consider not the Nagorné-Kara-viewed on Soviet television, and bakh move but rather the conflict via as well as banners support that in the past month police had between Azerbaijan and ing Nagorne-Karabakh and the conflicted 12 hand grenades, 40 armenia, in which yerevan voted Armenian protests. The demonstration grandes, nine pistols, to grant the change of status and included members of the same of the conflicted the past month police had been conflicted the past month police had armenia, in which yerevan voted armenian protests. The demonstration in cluded members of the same armenian protests are the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been conflicted the national flag of Lating the past month police had been confl

Angry protests fail to halt nuclear plant in Crimea

A MASS popular protest has north-east tip of the peninsula, failed to halt the construction of has aroused furious local control nuclear power station in the versy, angry public meetings, and a petition with more than try's most popular holiday spots — in spite of claims that the area is prone to earthquakes.

The rower station is set to be "Not only becoming and a "Not only becoming and only becoming and "Not only becoming and "Not only becoming and only only becoming and the peninsula. prone to earthquakes.
The power station is set to be

The power station is set to be commissioned next year, although a thorough study of the seismology, following a minor tremor recorded last year, will not be ready before 1990, it was reported yesterday.

Construction of the plant, near the city of Kerch on the power stations are incompatible."

ment, but Mr Gorbachev did say in his unscripted opening remarks that in the past the fact that his country had "ignored the specific nature" of other Eastern European countries had been a "major error."

It is sharply critical of the failure of the Soviet authorities —
But now fact has been overboth the republican government
in the Diragne and the national
ministries — to give more upblic
massions."

local correspondent reported, being built on a geological fault.
In spite of a series of top-level
grown with invention and fanmeetings almost a year ago, the
tasy, uncontrolled emotion and
authorities decided "not to sub
massions."

both the republican government in the Ukraine and the national ministries — to give more public information about the plant, and the evidence for and against the danger of earthquakes.

As a result, the newspaper says, the mass protest became wider and more passionate.

The fears of specialists, albeit years too late, are now being printed to local newspapers, and have provoked mass disputes and petitioning for signatures," the mass protest became write to the central committee of angry questioning. In spite of a series of top-level meetings almost a year ago, the mee

'living a lie

about its

Nazi past'

MR EDGAR Bronfman, preside

MR EDGAR Bromman, president of the World Jewish Congress, yesterday said Austria was "living a he" about its Nazi past, and called on the country to follow West Germany's example of facing the lessons of history.

Mr Bromman, who has clashed repeatedly with Mr Kurt Waldhem, the Austrian President, about file role in the German war effort, said: "Until Anetria faces."

Austria

Intellectuals argue for Polish sovereignty

POLISH intellectuals yesterday asked for their country's sovereignty to be respected by the grounds they would not be persoviet Union, as well as for mitted to speak.

Soviet Union, as well as for mitted to speak.

The speaker, Prof Miccyslaw individual, state and nation and individual freedoms, in a meeting with Mr Mikhail Gorbather, the Soviet leader, on the fourth day of his visit to Poland.

Mr Marcin Krol, a political on the speaker, Prof Miccyslaw individual, state and nation and an official commentator, with the soviet leader's commitment to the rights of "the mitment to the rights of "the mitment to the rights of "the words, a Communist Party deplication, as priest and lecturer at the Catholic University in Lublin, the safer."

This, too, went without commentator, as well as raised the sovereignty issue in the context of the "Breakness and the editor of the indepolitical culture."

Another speaker, Mr Richard with the speaker and nation and an official commentator, argued that the Soviet Union, the safer.

This, too, went without commentator, argued that the Soviet Union of the Soviet leader's commitment to the rights of "the would make humanity feel all the should recognise Poland's deep links with the west and from seeing these, as giving cause remarks that in the peat the fact. response from the Soviet leader.

Since the Middle Ages, Father

Tourner and the control of the lines

Poctrine, miner which his Soviet leader.

The poctrine, miner which his Soviet leader.

Since the Middle Ages, Father

Since the Middle Ages, Father

vakia in 1968, but failed to get a response from the Soviet leader.

The meeting in Warsaw'a Krapicc said, Poles have always reconstructed Royal Castle with over 200 intellectuals, most of them with establishment links, was broadcast live on Polish television. Some people identified priest – whose speech reflected tions of each country, according

Greece jails Palestinian wanted in US By Andriana terodiaconos In Athens

A GREEK court yesterday sen-tenced 39-year-old Palestinian Mohammed Hashid, who is wanted in the US in connection with a terrorist attack, to seven months' imprisonment. There has also been specula-ployment, tion about a link between Mr A plan h

Washington is seeking the mittee at a two-day session covertadition of Mr Rashid, who was arrested at Hellanium airport on May 30 after entering the country on a false Syrian passport, in connection with a 1982 to experts for further recommendations and final approval awaits bomb explosion aboard a Pan American civiling over Hawait.

American airliner over Hawaii.
The US embassy in Athens yesterday declined to comment on the progress of the extradition negotiations or on how the extra-dition process might be affected by Mr Rashid's trial and conviction in Greece.

According to one theory, last Monday's attack on the cruise ship City of Porcs was originally planned as a fully-fledged hijack-ing of the boat to secure Mr THE European Commission yesterday accelerated its new policy of promoting private European investment in the Third World by mission plans to channel through signing financial agreements with development banks in five tions a mixture of grants and EC member states.

Belgium.

Starting with a modest Ecu 7m (£4.6m) for next year, the Commission plans to channel through EC development credit institutions a mixture of grants and interest-free loans to help the cre-

He told the court yesterday that the ettack was the work of the US itself and was intended to discredit the Palestinian Liberaclassic Chrysler building, the tail, pencil-thin edifice, capped by a gleaming steel tower, will pro-vide much-needed office space for activation edifice, capped by a saming steel tower, will prote much-needed office space for mpanies in Frankfurt's rapidly panding service sector.

Tables to Execute the Palestinian Indicate the

pied territories.

The PLO yesterday strongly condemned the cruise ship attack, and described as "a provocation by a pseudo-group" a new claim of responsibility for the attack hy a hitherto unknown organisation calling itself the Martyrs of the Popular Revolution of Palestine.

In ego into joint ventures ready to subsidise half the cost of such a preliminary study for such a preliminary stu The developer is New Yorkbased Tishman Speyer Proper-ties, an established US company, Domestic German banks are providing the lion's share of the funds, although Japanese institu-

Hungary nears agreement on sharp cuts in subsidies

BY LESLIE COLITY IN REPLIN

THE CENTRAL committee of the Hungarian Communist Party yes tarday approved in principle ing plants. It also calls for reductions which would hite deep into the and foresees the resulting inflastandard of living of ordinary tion higher than the present 15

tion about a link between Mr
Rashid's detention and Monday's
terrorist attack against a Greek
cruise ship.

Washington is seeking the
washington of Mr Rashid, who

The basic aim is to encourage smaller private European compa-

nies to go into joint ventures ready to subsidise half the cost of with their counterparts in devel-

The plan, submitted by Mr of Miklos Nemeth, the central committee secretary responsible for sations provided they are not the economy, provides for up to political in nature.

The Hungarian forint would be Hungarian industry. Hungary is currently forced to borrow \$2.5bm (£1.5bn) annually from the West to service its hard-currency debt of nearly \$18hn.

The central committee also approved a draft bill on the right of association which is to permit citizens freely to establish organi-

tions a mixture of grants and interest-free loans to help the creation of joint ventures.

The Commission says it is

Budapest boosts radio broadcasts

from seeing these, as was the case in the past, as giving cause for suspicion – should utilise them to help hring the two halves of Europe together.

In effect, almost all of the 17

speakers, many with a back ground of political conformity

argued for more freedom and the breaking down of still-substantial barriers to free exchange of peo-ple and ideas between Poland and

By Lesie Colle

HUNGARY has introduced a net natic into its war of words with Romania by mangurating a powerful radio transmitter to improve reception of Radio Budapest among the 1.7m ethnic Hun-garians in Romania.

devalued to boost exports.

In his closing remarks to the session Mr Nemeth called for a greater use of international cred-polithuro, enabled Radio Budaits to finance the restructuring of pest to be heard clearly through ethnic Hungarians live.

Discrimination against the have embezzled an estimated DM20m (\$16.3m) from a German serious conflict between the two nations. A Romanian plan to eliminate villages, many inhabited by ethnic Hungarians, and a Hungarian counterdeaponetry.

effort, said: "Until Austria faces its past, as this country (West Germany) has, it will not have an honourable future, as this one

Declaring that world Jewry wanted reconciliation with the Anstrian people, but not with Mr. Waldheim, he said Austria to Romania should increase educational efforts to tell young people about enmrs to tell young people about the pest. As long as memories of the Holocaust were align, such a thing could never imper again; he said. Mr Bronfman, on a three-day visit to West Germany, said he believed the recent case of Hiegal

diversion of compensation funds by a leading West German Jew

out Transylvania, where most

Hungarian counter-demonstrato various companies owned by tion pushed the two countries to Mr Nachmann, and bas been making legal efforts to recover as much as possible.

an EC-Third World joint venture, up to a ceiling of Ecu 350,000. Mr Cheysson described the ini-

tiative as aimed at medium-in-come developing countries, as

distinct from the poorest coun-tries, with which it already has the Lome Convention arrange-ments and which have no sub-

EC joint ventures in Third World

Mr Bronfman praised the handling of the affair by Mr Heine
By DAVID BUCHAN IN BRUSSELS

THE RUPOSEAN CONTROLLED WAS HELDERS ish Council after Mr Nachmann's death in January. He also said the West German press had been "extremely helpful" over the rev-elations, and said there had been

damage" in German-Jewish rela-

The late Mr Werner Nach-mann, former president of the West German Council of Jews, was revealed in recent months to

the aftermath. Mr Bronfman was questioned throughout his hour-long press conference almost entirely by for-eign correspondents – a sign of the residual embarrassment of West German journalists about sking questions on Jews.

"no outbreak of anti-semitism" in

Asked about recent indications that the East German Government is preparing to join West Germany in making restitution payments to victims of Nazism, Mr Bronfman said negotiations were going on with East Berlin on the details. It was "more than details it was the control of the contr were going on with East Berlin on the details. It was "most important" that East Germany was now willing to accept a share of guilt for what happened in the Nazi eta, he said. The Communist German state has traditionally held to the view that only the "fascist" western part of the nation had to atone for the crimes of Adolf Hitler.

Kieran Cooke reports that an airport in the west of Ireland is turning in a small profit after linking up with Ryanair

Knock scorns the sceptics' predictions with a runway success

When work on it started in the munications between the west early 1980s the critics said it Ireland and the outside world. would never succeed. Yet in a Fund-raising activities would never succeed. Yet in a Fuod-raising activities ittle over two years of operation, included collections in Catholic Knock is turning in a small oper-churches and financial pleas to

Ryanair, Ireland's independent and the Irish Government gave making more than 40 flights a carrier, was similarly scorned by more than IS9m in graots week into Knock from Luton, the critics when it was started in towards a total cost to date of Gatwick, Manchester and Bir-1985. Last month Ryanair IE14.2m. The European Commu-announced profits after tax of mity recently made an additional IE919.000 (2792.200) on a turnover grant to the airport of IE1.83m.

The success of Knock and tions, Knock Airport, now vari-Ryanair is linked. Together they ously called Horan International are important factors in the and Connaught Regional Airport. growth of tourism in the west of was opened in May 1986. But of passengers to Koock from Ireland, one of Europe's few wheo it was completed no airline Britain are either relatives or remaining unspoilt and largely seemed interested in using friends returning to see people in

the Irish community in the US

Against all the sceptics' predic-

KNOCK AIRPORT, 600 feet up e peat bog mountain in the isolated west of Ireland, is one of Europe's more isolated commercial enterprises.

Knock was the inspiration of the late Monsignor James Horan, who wanted not only to bring one wanted to fly here," says Mr. Samus Monaghan, chairman of shrine, but also to improve communications between the west of not worried, putting his faith in heaveoly intervention. "Snre not worried, putting his faith in heaveoly intervention. Snre enough, 10 days later we had a letter of application from Ryanair," said Mr Monaghan.

This summer Ryanair will be mingham. Later, it hopes for ists who are discovering what the access either directly from Furn. west of Ireland has to offer, says: access either directly from Euro-pean centres or via Dublin, All

Knock Airport was opened in May 1986. But when it was completed no airline seemed interested in using Knock

Mr Eugene O'Nelli, executive flights ere frequently fully booked. Clearly, the Koock/Ry-anair combination is working.

"We calculate that the continuous continuo

Ryansir will be taking out lesses

on two Airbus A320s and by 1991 hopes to have at least 13 jets in operation as well as eight turboprops serving the smaller hish Many credit Ryanair with

tricted fare structure with low prices. "Traffic through Irish air-ports was more or less static in the 10 years before we came on flights, the scene," says Mr O'Neill. Now it has increased dramatic-

world's largest aircraft lessing company, based at Shannon airport in the south west of Ireland. It is now for the south west of Ireland. It is from the Romanian airline. The company leases seven BAC life from the Romanian airline. The company routes. Some pilets.

Perpendicular to the life that high air fares severely and Stigo, further to the west, expand. Ryanair is now locked in an often bitter battle with Aer than the channel tunnel is completed. It is from the Romanian airline. The company routes. Some pilets are trained at the only EC company to the British and the continent.

Perpendicular to the west, expand. Ryanair is now locked in an often bitter battle with Aer Lingus for passengers, particularly on the Dublin/London and battle with Aer than the channel tunnel is completed. By a company leases seven BAC lies of the channel tunnel is completed. By an often bitter battle with Aer Lingus for passengers, particularly on the Dublin/London and leaving Ireland the only EC company to the west, expand. Ryanair is now locked in an often bitter battle with Aer Lingus for passengers, particularly on the Dublin/London and leaving Ireland the only EC company to the channel tunnel is completed.

Extraoration by the Iriah Governations and Stigo, further to the west, expand. Ryanair is now locked in an often bitter battle with Aer Lingus for passengers, particularly on the Dublin/London and Linguistic and Stigo, further to the west, expand. Ryanair is now locked in an often bitter battle with Aer Lingus for passengers, particularly on the Dublin/London and Linguistic and Stigo, further to the west, expand. Ryanair is now locked in an often bitter battle with Aer Lingus for passengers, particularly on the Dublin/London and Linguistic and Stigo, further to the west, expand. Ryanair is now locked in an often bitter battle with Aer Linguistic and the complete several passengers and stigo, further to the west, expand the complete several passengers and several passengers and several passengers and several passengers and

European routes. Some pilots Ryanair is typical of many ried 416,000 passengers and have also been recruited from emerging European airlines, expects to carry more than Romania. In the near future offering a straightforward unres- 700,000 this year. So far, passenger numbers seem to have matched increased capacity on both Ryanair and Aer Lingus

Ryanair is now seeking to open up more airports in the west of Ireland to international traffic. booked. Clearly, the Koock/Ryanile s notineers at 22 me is one
anile combination is working.

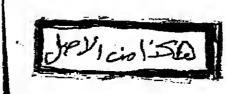
"We calculate that 60 per cent
of passengers to Koock from
Britain are either relatives or
friends returning to see people in
the west. But the others are tour.

"Are Rianta, the Irish airports
authority, says passenger traffic
ushering in long overdue cheap
sirfares, mainly between Ireland
ushering in long overdue cheap
sirfares, mainly between Ireland
through ireland to international traffic
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Optimism about Angola deal may be premature

false dawns in its efforts to nego-dence, and Angola offering a tiate the withdrawal of South, four-year programme.

bility led by Mr Sam Nujoma, leader of the South West Africa People's Organisation, remained

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The optimism seems premature. Progress was made during nearly three days of discussions between Angola, Cuba and South Africa, chaired by Dr Chester ended with an announcement that agreement had been reached on the "principles for a peace settlement in south western Africa", set out in a document now under consideration.

The second factor is that for the first time the US and the Soviet Union have what Dr Crocker calls a "convergence of interest" in a regional estilement.

Yet the principles for a settle interest" in a regional settlement ment are long-standing. South -- although whether the two super Africa has already accepted -- in powers can exert sufficient influ-Africa has already accepted — in theory — a 1978 UN plan which envisages internationally supervised independence elections in Namibia. And Angola has reinctantly conceded what has become known as "linkage" — the insis, presidential elections, which tence by Washington and Pretoria that implementation of the Washington's Stinger missles UN plan is dependent on the are involved to the robels.

ANGOLA has seen at least two leading to Namibia's indepen-

African troops from the south and secure independence for involves Unita, the rebel movement led by Dr Jonas Savimbi.

In Geneva in 1981, and in Lusaka three years later, hopes for a settlement were dashed. US end military support for the US end military support for the prospect of a black government in Windhoek, in all probability led by Mr Sam Nuioma.

Low-key talks involving African intermediaries seeking recu-ciliation between Luanda and Units have met little success. Yet judging by the optimistic Units have met little success. reaction of Angola to this week's Yet at least three factors set four-country talks in New York, a solution is in sight.

It has long been apparent that neither the South African-backed Unita nor Angola and its Cuban allies can secure a military victory. But in recent months it has Crocker, US assistant Secretary become increasingly apparent to of State for African Affairs. It Pretoria that the price it is pay-

toria that implementation of the Washington's Stinger missiles UN plan is dependent on the withdrawal of well over 40,000 Cuben troops from Angola.

What did not emerge from the New York talks, the fourth in a series that began in London last whether to accept the principles May, is evidence of progress on the weather to accept the principles set out in New York, and take two levels evidence of progress on the control of talks. two key issues. There appears to part in a further round of talks. remain a wide gan between Pretoria and Luanda over the time lose by going ahead, but as Dr table for a troop withdrawal. Crocker has warned, the window table for a troop withdrawal. Crocker has warned, the window with South Africa insisting that of opportunity starts to close as it take place over the 12 months presidential elections near.

Taiwan has temporarily stopped buying US precious metals after the US described

the purchases as a strategy to reduce artificially Taipei's

huge trade surplus with Wash-

ington, Reuter reports from Taipei.

Similarly: the decision to allow mainland Chinese to visit sick

come in for further honing.

The predominance of the pro-

gressive viewpoint becama evident earlier this week when the 1,209 delegates to the congress

met to elect a new 180-member central committee from which

mittee, which meets once a week to decide on major policy issues,

central committee went to candidates considered more liberal, while many conservatives fared far less well. Premier Yn Kuo-

hwa, for instance, whose conservatism has brought ever increasing criticism from younger public representatives, ranked far lower in the balloting than others who are Mr Yu's junior by decades.

The solid performance by younger party members generally associated with reform indicates that President Lee Tenghand Mr Lee

huei, born in Taiwan, and Mr Lee

Huan, born on the mainland, have moved into key places the type of party officials needed to

Taiwan's clear proposals for detente, which could, if China

push the programme ahead.

Many of the top slots in the

was chosen



Lee Teng-huel: succeeded in pushing key reformers into place

Hardliners take a back seat in Taiwan's Congress

ALL indications were that the pace of reform would accelerate in coming months as Taiwan's ruling Nationalist Party ended business at its 13th National Congress yesterday. It was generally agreed to be the most open and democratic in the party's 94-year

The Congress adopted many proposals that fit the "revolution-ary" label: increased openings to China by private citizens in the areas of trade and investment. major reforms of the party (which essentially dominates Taiwan's political scene) and greater democracy in general. But, as most observers agreed early in the proceedings, plat-form proposals and formulation of policies took a distant second. place to the manoeuvring for position that culminated on Thursday in the naming of a standing committee that is clearly younger, better educated, and more open-minded than any

With the seeding of that committee, the party's progressive faction clearly seems to have dashed any hope of a resurgence by conservative forces although the progressives took care to "give face" to ageing hardiners who in the past have lobbied against many reforms. Mr Lee Huan, general secretary

of the ruling party, who was also appointed to the new standing committee, alluded to expectations of faster reforms on Wednesday night when he described the deliberations of the Openings to China will proba-previous five days as the "Yang bly proceed at a considerably Ming Shan Revolution."

The party held its congress on sives had hoped, however iron-yang Ming Shan, a mountain on ically, officials say, because Taipei's north side named after a China itself seems to be reacting Taipei's north side named after a revolutionary scholar. Wang less than enthusiastically to Yang ming, who lived during the Taiwan's clear proposals for

late Ming Dynasty.

Technically speaking, the were to make the right moves, party's platform and decisions are not binding on the Govern—

All eyes are now on the cahinet ment, Details concerning the of Mr Yu, about whom resigna-nuts and bolts of the wider door thon or replacement rumours nuts and bolts of the wider door to China, for instance, will need have been rife for months but to be worked out by such agen- who still shows no signs of stepcies as the Foreign Trade Board ping down or being forced out and the Economics Ministry. Perty officials, in fact, are side-

Clearer guidelines will have to stepping the question of even a emerge on such issues as the minor cabinet reshuffle. But party's decision to allow acamany observers are betting that
demic, cultural and scientific the ministers of finance, ecoexchanges between the two sides
of the Taiwan Strait on, as the
will be replaced in the near or
party puts it, a case by case basis.

Peking warned of mass HK exodus

By David Dodwell in Hong Kong

of professionals from Hong Kong before 1997 if the Chinese Government refuses to make substantial amendments to the Basic Law, according to Mr Martin Lee, the Hong Kong barrister and leading political figure.

The Basic Law is intended to provide the territory's constitu-tional framework after China resumes sovereign control.

Of particular concern to Mi Lee, and many other councillors, is a fear that Hong Kong's courts will not have the independence that was promised in the 1984 Sino-British Joint Declaration on Hong Kong's future.

He argued that China appeared to want to keep very firm control over Hong Kong after 1997, and complained that the majority of members of the committee drafting the Basic Law "are not in favour of a democratic system of

Unless there are substantial amendments, there would be a mass exodus of professionals before 1997, he said. An estimated 27,000 people emigrated from Hong Kong last year. The exodus this year is expected to pass

Bush calls on Iran to declare a ceasefire

BY OUR UN CORRESPONDENT IN NEW YORK AND ANDREW GOWERS IN LONDON

rity Council yesterday to make modest level it had maintained an unequivocal declaration of for 40 years until 1987, but that

In a restrained speech to the Council's special session on the US Navy's shooting down of an

readiness to comply with UN while the US had an expanded calls for a ceasefire in the Gulf presence it would "do whatever it presence it would "do whatever it takes to maintain freedom of nav-igation. , . and protect our forces there."

Mr Ali Akbar Velayati, the Ira-Iranian airliner, Mr Bush nian Foreign Minister, called on staunchly defended the American action in the face of Iranian criti-for what he said was a criminal cism, but said the 290 victims of attack carried out by an incompethe Airbus tragedy were only the tent naval force led by aggresmost recent casualties of a brutal and senseless war.

He added that implementation of the Council's ceasefire call—
resolution 598, passed almost bilities "free from and regardless

MR George Bush, the US exactly a year ago without effect of the influence of a superpower."

Vice-President, appealed to Iran — would enable the US to reduce — As they spoke, the International Civil Aviation Organisa-As they spoke, the Interna-tional Civil Aviation Organisa-tion, a Montreal-based UN body. announced its own investigation of the airliner incident. Mr Assad Kotaite, the ICAO council president, said the inquiry - to which both the US and Iran had con-sented - would seek to "deter-mine all relevant facts and technical aspects of the chain of

events relating to the flight and destruction of the aircraft". At the UN, both Mr Bush and Mr Velayati sought to arraign each other's country before world opinion over the airliner incident and to extract political mileage from it, but were clearly aiming

that it "occurred against a backdrop of repeated, unjustified, unprovoked and unlawful attacks against US merchant shipping and armed forces." He secused tis in not clear how the discusengaged in battle.

if the captain of the American Minister, to Tehran and Baghdad

trionics.

The US Vice-President declared hostile F-14 fighter, he should it a "tragic accident" but said have known that this could not present a serious danger to the cruiser, because F-14s are

Iran of irresponsibility for allow-ing a civilian airliner to enter an end, but condemnation of the US area where a warship had been action by the Council is out of the question.

Mr Velayati, in an unemotional One possible outcome would be 90-minute speech in Farsi, drew an attempt to breathe new life on Iranian records to produce a the UN effort to end the Guif detailed rebuttal of the American war. The Soviet Union yesterday account that the disaster expressed fresh interest in stemmed from a case of mistaken exploring the possibilities for identity on the part of the US peace, and is dispatching Mr Yuli warship Vincennes. He said that Vorontsov, First Deputy Foreign

Iraqi troops cross border for first time since 1982

pressure on Iran in the Gulf war by pushing into Iranian territory for the first time since its forces were largely ejected from its east-ern neighbour in 1982.

Wednesday, together with 1,540 square miles of Iranian territory, after a successful offensive to capture Iraqi soil east of al-A-

Lt General Ni'ma Faris Hus-in Iran. Seizing Iranian territory sein said the Iraqi troops would could have precisely the opposite withdraw from Dehloran within

The latest move in the nearly eight-year-old war has astonished military experts and Western offi-cials, in view of Baghdad's persis-tent claim that it would not fol-The Iraqi high command said low up its recent string of Baghdad's forces seized the Iramilitary successes by invading nian border town of Dehloran on Iran again as it did in 1980.

"They must be crazy," said one seasoned analyst. "The sharpest thing for the Iraqis to do would be to take advantage of the current confusion and lack of morale

in 1980."

It was not clear why the Iraqis
have chosen to push into Iran.
Dehloran is on the main road
between Dezful and Mehran, and the sort of breathing space they the occupying forces may thus see a charge to divide un Iranian torces on the are part of Iran's strategy of preparing for a prolonged war.

The most likely interpretation is trying to buy time in order to regroup its forces for a possible autumn or winter offensive.

The most likely interpretation is trying to buy time in order to regroup its forces for a possible autumn or winter offensive. the occupying forces may thus are clearly seeking in order to see a chance to divide up Iranian lines of communication along the Iranian leaders have admitted

It seems less likely that Baghdad is seeking to create a territorial bargaining chip, in that Iraqi forces may not be able to hold

retreating from large areas of northern Iraq – including the town of Halabja and yesterday, Iranians on the go, to keep the area around Haj Omran – in recent days. Hojatoleslam Ali to invade."

A senior Western diplomat the area for long. Debloran is in Akbar Hashemi Rafsanjani, the added: "It looks as if they're on the foothills of the Zagros mounthe verge of committing exactly taken as they made tated by Iranian forces on the same mistake as the sa

time to sort out their problems — to retrain, reequip and above all reorganise," said one. "The job of

GLOBAL INTEGRATION OF JAPANESE MANAGEMENT

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Kunio Seiki, IBJ director and general manager in charge of the London operations, and Yoshiyuki Fujisawa, managing director of IBJ International Limited, describe how IBJ is growing in world capital markets, and at the same time helping to shape developing global market trends.

London key to global strategy

IBJ's London operations form a key link in IRI's global development strategy. Kunio Seiki is frank: "We want to build our services here to the same levels of strength and sophistication as those we offer in Tokyo," he explains. "We know this will take a little time. but it will make us a more international bank, and-we believe-a more successful bank.

"We still have fully to explore a number of challenging sectors, and our services will benefit as our penetration improves. We believe that world capital markets will look increasingly to banks combining very high levels of strength and sophistication, and that only a handful of global banks and securities houses will match capital market needs. We shall be one

of that handful? Yoshiyuki Fujisawa agrees: "We want to build IBJ International into a major international merchant bank, as part of this process of building IBJ into a

major world bank. "Financial market trends are now developing so fast that nobody can predict what world canital markets will be like in the 1990s and the 21st century. We need to cover the whole financial services spectrum, so that we can meet whatever demands our customers, and the market as a whole place on us. We must be both efficient and effective"

IBJ's London operations are already well on their way towards helping the group achieve these ambitious targets. The London branch office functions as a conventional wholesale bank, generating profits roughly equally from lending, treasury operations, and forex trading and fee business. IBJ International acts as a Londonbased merchant bank, generating some two-thirds of its earnings from securities underwriting and trading, and the remaining third from corporate finance and investment management activities. The distinction is important-IRJ represents its parent long-term credit bank, which mobilises Japan's domestic savines through highyielding, debentures for reinvestment in domestic and global

the second control of the second of the markets, but it is barred by Japanese law from underwriting or trading corporate securities. IBJ International is only barred from lead managing Japanese corporate securities without guarantees by the government.

Sciki sees project financing, European corporate operations and the whole spectrum of feebased services as major target areas. "We plan to keep expanding our loan book, which now splits roughly equally between old loans made to sovereign borrowers when syndicated lending was flourishing, lending to Japanese corporates, predominantly short-term, and non-Japanese corporate lending." he continues.

MFI buy-out points the way

"For example our lending to British corporates is growing very rapidly. But I think we shall also focus increasingly on business that does not impact on our balance sheet, where we can earn good returns without having to deploy substantial financial resources for lengthy periods of time."

He cites the examples of last year's MFI Buy-Out and the recently signed £620 million Reed International MBO, the two largest Buy-Outs to date in the U.K.

In both instances we were asked to mobilise special skills so we were able to generate a much better commission than we could expect from more conventional transactions.

In the Reed International transaction, IRJ was one of the three Lead Underwriting Banks who together provided most of the funding for the Buy-Out; IBJ underwrote nearly £200 million.

Both demonstrated our commitment to support strong management teams which we consider

Aerospace finance is an area of importance to IBJ. In London the bank has a specialist unit to develop this business in Europe and beyond. Their activities include not only lending but the underwriting of future asset values and the development of financial products tailored to meet customers' specific

IBJ also played an important part in the preparatory technical work on the Eurotunnel planned to link Britain and France. IBJ was the only Japanese bank asked to



Mr. Kusie Seiki, Director, Industrial Bank of Japan and General Manager of IBJ London Branch

Mr. Yoshiyuki Fujisawa, Managing Director, IBJ International Limited

advise on technical feasibility and completion schedules. Other British property financing has added both major public sector projects and a string of suburban shopping precincts. IBJ is also active in

North Sea project finance. Each deal has either strengthened existing customer relations or opened up new business opportunities and simultaneously honed

IBJ expertise. "We want to build the same kind of long-term corporate banking relationships with British and European clients as we maintain in Japan, where we help build businesses both by encouraging customers to use IBJ products, and placing all our skills at their

disposal," Seiki explains. IBJ is also taking a close interest in European mergers and acquisition potential, and recently set up a special team to assess promising opportunities. The team liaises closely with IBJ investment banking operations in Japan, where the bank keeps a list of more than a thousand clients interested in for-

Seiki is quick to stress that the bank will maintain Japanese business etiquette and would generally prefer to be involved in "friendly transactions, "It is not customary for Japanese banks to initiate a hostile takeover", he says firmly.

But IBJ would very much like to foster corporate marriages, and sees major M&A potential as Europe moves towards 1992, with a growing number of Japanese companies seeking to buy admission to a market that promises dynamic growth potential during the balance of the century.

European network advancing

IBJ plans to back its push into Europe with a network of national centres accessing individual markets, and possibly offering a combination of group strength and expertise and particular local skills.

"London will be our European centre," Seiki explains. "But once we have our European net-

work fully in place—we plan soon to open a new office in Italy-we may well develop local specialisations. For example IBJ operates as a universal bank in Germany, but we are strongest in Switzerland in investment advice, and our French operation stresses property finance. So we will provide a comprehen-

sive service, and at the same time

adapt to particular market needs." Treasury expertise will also play a dynamic role in helping IBJ build London operations towards Tokyo levels. Seiki says, "Treasury business is currently 'very buoyant'. It is very important to build our Treasury skills to provide a wide range of services to our customers."

"Successful liability management is a key to successful banking," he argues. IBJ is applying skills learned in its home market -where it typically borrows on five-year maturities to lend out for seven-year average terms, and earns good profits by selling global assets on to smaller Japanese banks keen to improve portfolio yield returns.

The bank has also built up a strong swaps team doing business in Deutschemark and Swiss franc swaps as part of its treasury armoury, which runs side by side with IBJ International.

Tailored issues underwrite Euromarket success

IBJ International ranks as a major IBJ group success. Last year the merchant bank ranked eleventh in Eurosecurities underwriting

(against just 38th two years earlier), and Fujisawa expects IBJ International to hold broadly this rating even though the Euromarket focus has now shifted away from the yen back to the dollar, and to lesser extent into sterling.

Performance here again rests squarely on strength and expertise. IBJ International opened this year by raising \$200 million for the EEC and followed through by mobilising a further \$200 million for British Telecom, successfully floating both issues less than six months after last October's Wall Street collapse and crowning both with complex swap arrangements.

The bank has also been actively developing what Fujisawa calls "tailored issues" for major corporate borrowers and targeting them at predetermined investor groups.

"Tailored issues are proving a major success in difficult market conditions," he reports. "We can identify potential investors, and then elaborate the issues to pull together borrower and investor needs in a variety of very sophisticated ways."

However Fujisawa is also quick to point out that expertise needs powerful backing. "We cannot necessarily successfully launch tailored issues just because we are very clever," he insists, "We need to be big as well, to have a strong client base, and a powerful distribution system. We need to match borrower-driven needs, and investordriven needs, and we need to stand behind everything that we do, and maintain active secondary markets

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Australia unveils plan to reform trade in services

BY WILLIAM DULLFORCE IN GENEVA

AUSTRALIA yesterday unveiled ment should spell out key liberala blueprint for an agreement on trade in services which is likely to be the basis for negotiations leading up to the meeting of world trade ministers in Montreal in December.

The paper, the most detailed submitted so far to the group aling with services in the Uruguay Round of the General Agreement on Tariffs and Trade, draws heavily on experience in negotiating the free trade agree-ment signed last month between Australia and New Zealand.

Some Gatt observers believe the agreement offers a better model for an international accord than the provisions on services contained in the US-Canada free

tor coalitinus of service industries from 10 countries.

tries from 10 countries.

Essentially, the Australian idea is to aim for an international ment on proposed changes to agreement establishing a set of attended to the strong principles, with which each country can gradually bring its own laws toto conformity. The "level of entry" for each country would be negotiable.

The US the original champing core is any reference to Third World development, a core issue in the talks Caphetra.

of a multilateral accord on ser has stuck to the industrialised vices, wants to have the outline countries position that it is up to of a framework agreement cover the developing countries to put ing all services sectors ready by their demands on the negotiating

ising principles and allow few reservations or exceptions.

ing of barriers to trade in ser-

Australia's paper follows the US closely in defining crucial concepts such as non-discriminatinn and national treatment, which require foreign sellers of services to be treated the same as domestic sellers.

However, it fleshes out the US proposals with greater detail and introduces same variations. These include:

 Provisioo for an "open sea-son", a fixed period during which The Australian paper will be tabled in Gatt on Minday. It was presented yesterday by Mr Robert Ansett, chairman of the trade negotiations advisory group, at a meeting in Geneva of private sector conditions of covering tables.

● A "transparency" requirement

The US, the original champion core issue in the talks. Canberra

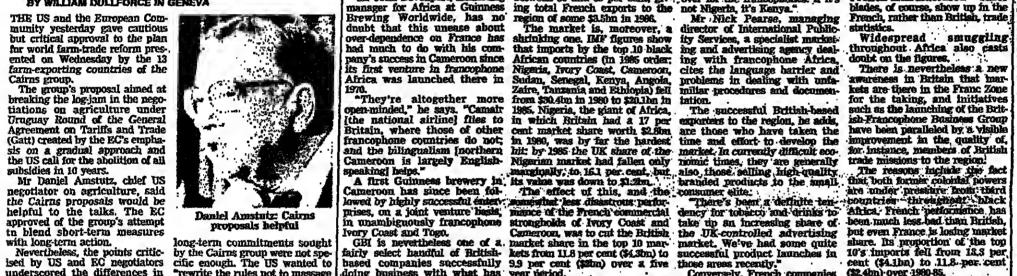
Cautious welcome for farm exporters' plan

THE US and the European Community yesterday gave cautious but critical approval to the plan for world farm-trade reform pres-ented on Wednesday by the 13 farm-exporting countries of the

heir attitudes to liberalising then

Mr Rolf Möller, the EC deputy the lack of detail in specific director-general, described the long-term commitments called gestion that countries with heavy for by the Cairns group as too subsidies should reduce them by specific. Japan, too, objected to 10 per cent a year in 1989 and the demand for "full" liberalisation: it said trade ministers had for the calculation. called only for "greater" liberalisation when they launched the Uruguay Round.

The demand for full liberalisation, including removal of subsidies, made allowance for exemp-For Mr Amstutz, however, the tions without being precise.



ised by US and EC negotiators cific enough. The US wanted to underscored the differences in "rewrite the rules not to massage hem," he said. EC officials complained about

David Dodwell reports that manufacturers are jostling for position as the airline ponders its choices

Fast-growing Cathay keeps its fleet options open

"IF THERE is any one thing we can be certain of, it is that we will not be replacing 12 Tristars with 12 of anything else," says Mr Rod Eddington, Cathay Pacific's commercial director, after a flurry of speculation over the Hong Kong airline's purchasing plans.

Mr Eddington is nevertheless clear
that firm proposals on purchases
between 1990 and 1994 worth at least US\$1bn (CS90m) are likely to be put to the fast-growing airline's board before the end of the year. Needless to say, the

three main manufacturers - Boeing, McDonnell Douglas and Airbus - are hectically marketing their wares. hectically marketing their wares.
Cathay gave substance only last weekend to its claim that no decisions have yet been made on fleet replacement by opting to add two further Tristars to its existing fleet — purchased at a cost of about \$20m apiece from Eastern Airlines of the US for delivery this

Cathay Pacific has a fleet of Boeing. 747s and Tristars. Rapid growth in avia-tion traffic in the Asian region in recent years may have given the airline.

exports to francophone Africa has been under way this week,

with Mrs Lynda Chalker, the British Foreign Office minister, leading a team of businessmen to the Ivory Coast, Cameroon and

Congo.

The value of UK exports to the three is modest — last year the livery Coast bought £27m worth of British goods, Cameroon £28m

and Congo £19m - but British businessmen believe that these

countries, in common with other francophone states, are reapprais-ing the role of France as their main trading partner on the grounds that wider competition for their business means keener

manager for Africa at Guinness Brewing Worldwide, has no dnubt that this unease about over-dependence on France has had much to do with his com-

pany's success in Cameroon since its first venture in francophone

passenger load factors that would be the envy of most airlines, but at the same time has created big problems in planning fleet expansion. "Two years ago, we intended to reduce our Tristar fleet from nine to

seven," says Mr Eddington. "Instead, we have expanded the fleet to 12."

The group's Jumbo fleet has also grown rapidly. It now has ten 747-200s – two for freight – and a sixth 747-300 being delivered this month. What made the world's aircraft manufacturers jump to attention was the recent sibm order for up to mine 747-401s - three firm and six options - for delivery between 1989 and 1991.

These Jumbos form the core of

Cathay's expanding long-haul route network into Europe and to Vancouver in Canada, leaving the bulk of regional routes to be sarved by Tristurs. Decisions on a replacement for the Tristars, which first came into service in 1975, have been complicated by the

rate at which regional passenger vol-umes have grown and the airline's unique location in Hong Kong, served

Nim Caswell reports on a UK export drive in French Africa

Francophones face British challenge

between 30 and 65 per cent, giv- over for the francophones. If it's ing total French exports to the not Nigeria, it's Kenya."
region of some \$3.5hn in 1966. Mr. Nick Pearse, managing
The market is, moreover, a director of International Public-

the market is, moreover, a director of international Public-shrinking one. IMF figures show ity Services, a specialist market-that imports by the top 10 black; ing and advertising agency deal-African countries (in 1985 order; ing with francophone Africa, Nigeria, Ivory Coast, Cameroon, cites the language harrier and Sudan, Senegal, Kenya, Angola, problems in dealing with unfa-tance. Tanzania and Ethiopia) fell millar procedures and documen-

With traffic growth over the past year of 200 per cent between Hong Kong and Taiwan, more than 100 per cent between Hong Kong and Japan, and 50 per cent between Hong Kong and Seoul, more and more routes once regarded as short-haul, and served by Tristars, are now requiring regular 747 services. These include services to Japan, Peking, Australia, Singapore and Rombay. In May this year, the latest month for which figures are available, half of Cathay's \$50 Jumbo flights

were regional rather than long-baul.

Mounting traffic congestion at Kattak, combined with the fact that many routes regarded as short-haul to Cathay would be long-haul to many European or US sixtimes (flights to Tokyo take up to four hours, to Seoul three hours, and to Singapore three and a half hours), raises the possibility that Cathay may consider replacing its Tristar fleet with

Boeing 747s.
While new 747-400s could take over the siritne's long haul routes, the older 747-200s could take over from Tristars,

depreciating currencles. Even so, the reality may not be

quits so damning of British export efforts as the raw data suggest. Many British-based com-panies large enough to have French manufacturing plants

markets from there rather than from the UK - even if the mar-keting decisions are taken in

choose to export to franc

or simply supplement them, since Cathay executives see no technical rea-son for dropping these workhouses for perhaps another five years. New, lower-powered 747s, designed specifically for high-density, short-haul flying could

also be bought.

"Even today, there is not a lot wrong:
with the Tristars and a lot right with
them," says Mr Eddington. A Tristar them," says Mr Eddington. A Tristar carries 280 passengers, more than either the Alrius 300 or the Boeing 767.

"The problem would arise if other sirlines introduced more efficient airlines using new materials, two engines, and a two-man cockpit," says deputy director Mr Richard Stirland. "Fares and yields would be related to these competitors' costs, and if we are timening a fleet with four- and three-engine aircraft, and three-man cockpits, then margins are going to be narrowed. Then there is always the threat of a Then there is always the furest of a dramatic rise in fuel costs.

The ideal would be an aircraft as higher the Tristar, but as economical as the

new 767s and A300s."
Unfortunately for Cathay, no one

option is ideal. McDonnell Douglas's MD-11 has new technology and a two-nian-toking and can carry \$20 passengers, but uses three engines. It has the virtue of being available for service next year, which might make it an ideal complement to expansion of the 747 fleet. "The Airbus 300 is "clearly too small at the moment," and the A330, which is expected to carry 320 passengers, is not yet off the drawing board and will not be in service until at least 1993. "The Beeing 767-360 is smaller than the Trictar and a suitable successor but is barely more than a glint in Boeing's

is berely more than a glint in Boeing's eye and will not be ready for at least eye and will not be ready for at least four years.

"It's het a matter of Keeping any secrets," says Mr Eddington. "Traffic growth is so rapid and the options so complex that it's impossible to say what we will eventually out for. All I can say now is that we have been looking at the matter closely for many mouths, and I would be surprised if we didn't have proposals for the board before the end of the year."

JAPAN yesterday urged President Reagam to veto the Countbus Trade Bill which this week passed the House of Representatives and is expected to win approval in the Senate.

A Japanese Foreign Affairs Minister, intends to raise the issue next week during a visit to Tokyo by Mr George Shults, the US Secretary of State.

However, the mood in Tokyo over the trade bill is one of disappointment rather than anger — a But the official added that the

Such is the case, for instance, with Gillette International, whose London-based area manager for French-speaking West Africa, Mr David Boyle, attri-Such is the case, for instance, with Gillette International, whose London-based area manager for French-speaking West Africa, Mr David Boyle, attributes his own company's success to patience, quality products and good distribution. Gillette's French-manufactured rasor blades, of course, show up in the French, rather than British, trade throughout Africa also casts doubt on the figures.

The distribution of provisions on beguning factory closures and on Washington, is unlikely to seek to turn the bill's passage into a prestricting exports of Alaskan oil. The classes which have generated its protest in Washington, is unlikely to seek to turn the bill's passage into a point of conflict.

AP adds from Brussels: The US trade bill is protectionist and would mandate the Administration to retaliate against countries missioner for external relations, whose trade practices are judged.

cent (\$4.1ha) to 11.8 per cent (\$2.4ba) over 1980-85. The competition cames princi-pally from other European coun-tries (notably, in white goods, from West Germany), from Japan independence — as a French. the French dominance. Mr Paul historical and cultural proximity. Barratt, chairman of the British. Apart from Guinea, Mauritania (motor vehicles and electrical members of the Franc Zone, with a convertible currency — the more than 5 per cent to only four of the 20 francophone countries.

One of the four, Zaire, was a Belgian colony in which the ness in Africa start with Nigeria; and British companies doing business in Africa start with Nigeria; the market there is so huge it they low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent, but in swallows up the available manatively low 13.5 per cent to only four description members of the Franch Zone, with a convertible currency — the members of the Franch Zone, with a convertible currency — the available currency — the franc Zone, with the Franch Zone, with the star also equipment in the four description (motor vehicles and electrical members of the Franch Zone, with a convertible currency — the franc Zone, with the Franch Zone, with the star also equipment in the four the four law from Guinea, Martinana (motor the lower law of the Franch Zone, w

Sandinista hard line intended to regain the initiative

Japan urges Reagan to veto US trade bill

Toyota considers boosting Californian truck output

TOYOTA is holding talks with General Motors about produc-ing trucks at NUMMI, the two companies' joint venture plant in California.

Mr Tautomu Ohshbara, executive vice presi ent of Toyota. ative vice president of Toy said yesterday the comp said yesterday the company was considering three possibil-ities for US truck production. These include expanding out-put in California, producing trucks at Toyota's new Ken-tacky facility, or choosing a new US site for truck produc-

"As most of the products would be sold on the West Caust, it would be good sense to locate near the market," Mr Obshima said yesterday, indicating that the Californian plant was the first choice. Japanese truck exports to the US fell heavily last year, primarily because of the sleep 25 per cent tax imposed upon them. Toyota, the largest player in the market, also sew sales of pick-ups to the US drop by 26 per cent, while sales of its Hilux van declined by 36 per cent last year. Mr Chahima said Toyota would probably start its track production in the US at

production in the US at 100,000 units a year.

On producing cars in Europe, he said the company had reserved various offers of idle capacity by European car makers and proposals for joint-marketing deals but had not heard anything in line with its ambitious for advancing into Europe.

play, which is unacceptable to

The Sandinistas have decided

The Sandinistas have decided to make their negotiating limits, clear. Disarmament of the Contras and an end to the war, in return for open elections and; freedom of expression for the opposition, including the former Contras, are on offer. Ceding power without the test of an election is clearly not

AMERICAN NEWS

Salinas hails 'new mandate' as opposition rejects poll figures

candidate of the Institutional by Mexico's Federal Electoral Revolotionary Party (PRI) in Mexico's presidential election, has greeted his victory – officially declared late on Wednesday – as "a mandate for change" for Mr. Cuauhtemoc Cardenas, as opposition leaders continued to reject the official outcome, alleging widespread electoral front. Mr. Manuel Clouthier, leader of the right-wing National

fraud.

Mr Salinas chose to interpret Action Party (PAN), won 17.1 per the votes cast for all parties as a referendum for refurm adding that the PRI had unquestionably the opposition parties should the opposition parties and the opposition parties should the opposition parties and the opposition parties are opposition to the opposition parties and the opposition parties are opposition to the opposition to the opposition parties are opposition to the opposition parties are opposition to the opposition to the opposition parties are opposition to the opposition the votes cast for an parties as a referendum for refurm adding that the PRI had unquestionably emerged as the country's largest political force. "I have a mandate for change," Mr Salinas said.

Nevertheless, the unprecedented fall in the long-ruling PRI's vote — down that a slim over-all maintainty of 50 4 per cent of the sets — the first time that any party other than the PRI has entered the 64-seat chamber. all majority of 50.4 per cent of the 19m votes cast - has clearly come as a dramatic blow to the leaders of a party which has never lost more than 30 per cent lenge specific polling station of votes to its opponents.

MR CARLOS Salinas de Gortari, The official figures, announced candidate of the Institutional by Mexico's Federal Electoral

party other than the PRI has entered the 64-seat chamber. Both the FDN and the PAN are continuing to reject the commis-sion's figures, promising to chalresults case by case before the

Mr Cárdenas has meanwhile

told reporters that evidence exists that the Government fixed the election. "Wa will not allow

courts. At the same time both political groupings are planning nationwide protests at the "lilegality" of the elections.

It is widely expected that the regime will merely shrug off the protests, which, though reported in the little-read press, have been all but ignored by the government to expel the US ambassador, close a newspaper and radio station and confiscate the country's largest private business may seem to some like blundering and hot-headed diplomacy. However the evidence so far

this fraud to reach its conclusion or the Government to exert power in our country. The people will not put up with it."

He added that after a giant rally, planned by the coalition for tomorrow in Mexico City, he would begin a new and indefinite were surprised at the allegation of the contract of t

Tim Coone in

Managua looks at a strategic gamble

But having started a dialogue, the Government also won some big concessions - recognition by the Contras of the legitimacy of the existing government and the start of a process which would lead to the disarmament of the

based companies successfully 9.9 per cent (\$25m) over a five those areas recently."

doing business with what has year period.

Conversely, French companies tended to be regarded — even. Opinions differ as to why Briter a quarter of a century's ish companies have failed to dent miss enjoy all the advantages of independence — as a French, the French dominance. Mr Paul historical and cultural proximity.

Chalker; trade mission to Ivory Coast, Cameroon and Congo

However the evidence so far suggests that it is a coolly calcusuggests that it is a coolly calculated gamble aimed at retrieving the initiative in the Central American peace process. This has stagnated because of differing interpretations between the Sandinista Government and the USbacked Contras of how the war can be ended and a democratic

tour of the country concentrating made by the Sandinistas against on areas where, as he put it, "the US ambassador, who was fraud was most brutal".

The mould shatters, Page 16 gran's internal affairs by organising and formenting political opposition to the Government. Their surprise was simply the timing and the daring it took, given the predictable negative repercus-

sions.
Washington promptly expelled
the Micaraguan ambassador, and
there are now rumblings from Republicans in the US Senate that there may be new military aid for the Contras.

Opening talks with the Contras represented a hig concession by the Nicaraguan Government. which had previously said that it would never negotiate with them.

Contras and their incorporation back into civilian life.

The stumbling block has been how to achieve this. A hard-line faction within the Contras, led by ex-Colonel Enrique Bermudez and apparently backed by Washington, wants to squeeze further concessions from the Sandinistas, to the point that with US help and finance an internal opposition might pose a serious elec-toral threat to the Sandinistas. At present, the division and disorganisation of the opposition par-ties makes such a threat remote. At the same time the Contras

The Nicuraguan Government has expropriated the largest private business in the country, Nicaraguan Sugar Estates, on the grounds of "social interest and public good?" The Minister of Agriculture, Mr Jaime Wheelock, said the company's owners had allowed sugar production to fall by 50 percent and foreign exchange allocated by the central bank had not been used for the purposes intended.

He said economic and not political reasons lay behind the expropriation, although NSE's subsidiaries, including the country's principal rum factory, are also being expropriated.

NSE's major shareholder, Mr Carlos Pellas, said he would fight the expropriation legally. There has so far been no mention of compensation.

have also begun calling for the formation of a "Government of National Salvation" — essentially a transition coalition government, which would oversee the drafting of a new constitution and a new electoral process.

Such a move, in the Government of National Salvation" might also create a role for Mr Bermudez to

As one middle-ranking Sandinista official said, the lifting of restrictions on the opposition newspaper La Prensa and on Radio Catolica "are negotiating cards that can be played with a new administration in the US, and to get the Esquipulas and Sapoa agreements back on track".

tion is clearly not.

The Sandindstas are gambling that fear of losing the political opportunity will bring the opposition parties and moderates within the Contras back to the negotiating table, and will help them to prevail over Mr Beringdez – if not now, then under a new US President next year.

In the meantime the Sandinis tas appear to be willing to risk even the renewal of US military aid to the Contras. Should this id if the Sandinistas countied happen, the Government has already winned that a new mili-The Sandinistas' actions tary offensive is ready to be

> The last such offensive in March crossed the northern bor-der into Honduras, wrought dev-astating damage on the Contras and almost sparked direct involvement of US troops.

But it also brought the Contras

Convention may see Jackson challenge

most persistent rival for the Democratic Party's presidential nomination, has indicated that he may be prepared to see his name go forward as a nominea for vice-president at the party conveotion in Atlanta, Georgia next

REVEREND Jesse Jackson, the Mr Jackson indicated that a prime-time television audience black candidate who has been move to challenge the nomina with the most favourable image Governor Michael Dukakis's tion of Mr Bentsen was being of their party.

contest were to take place there perute to avoid.

is room for it in the rules."

tion of Mr Bentsen was being or their party.

An unruly convention, dominated by him.

An unruly convention, dominated by the rousing rhetoric of the charismatic populity and the minded by him. the charismatic populist and the Mr Jackson said in Chicago recriminations of the 1,000 delethat such a challenge was an gates who support him, is some-open question: "If such a floor thing Mr Dukakis has been des-

Mr Jackson's supporters are Still angry over the circumstances surrounding Mr Dukaks and Jackson camstances surrounding Mr Dukaks are reportedly no longer been distancing himself from the discussing with each other how their leader to buttress his positive of Texas conservative, as his vice-presidential running mate, in order to present a national Mr Jackson as a threat.

Would never negotiate with them.

"If you deal with a circus, you discussing with each other how their leader to buttress his positive to stage-manage the convention in order to present a national Mr Jackson as a threat.

Democrats face pressure over Nicaragua expulsion of eight US diplo-mats and its crackdown on opposition in Micaragua is an embarrassment to the Demo-cratic Party as it prepares for its convention in Atlanta next

week, writes Lionel Barber in Washington.
The ciampdown has revived pressure in Congress for a renewal of US military aid, and thus presented the Republicens with a chance to expose divisions on the newly-forged Democratic ticket of Governor Michael Dukakis of Massacha-

setts and Senator Lloyd Bentren of Texas. Mr Dukakis has made oppoattion to Contra aid a central theme in his presidential camp paign, but Mr Bentsen has been a consistent supporter of both humanitarian and mili-tary aid to the rebels. Mr Jim Wright, House Speaker, who will chair the convention, has long been involved in diplo-

sas, still considered a possible running-mate for Mr George Bush on the Republican ticket, has seized the initiative and drawn up a legislative package, containing \$27m (\$18m) of humanitarian aid plus \$20m of military aid. The aid would be triggered

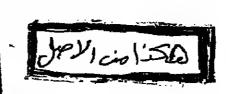
by a congressional vote after September 1 — in the middle of the election campaign. Con-gress would be asked to vote on a certification by President Reagan that the Sandinistas had not complied with the

regional peace plan put for-ward by President Oscar Arias of Costa Rica. The Senate on Wednesday passed a non-binding resolu-tion threatening renewed US military aid to the Contras but offering to extend US economic aid if the Sandinistas compiled with the Arias plan. matic overtures to the San-dinistas. Senator Robert Dole of Kale

> have dismayed Democrats, many of whom backed Mr Wright who argued against military aid and for support of the Arias plan,
> Many privately warned last
> year that Mr Wright was rune
> ning the risk of being duped
> by the Sandmistas, whose sole purpose was to eradicate the Contra rebels by weakening

to the negotiating table at Sapoa.

The hard line worked then - so



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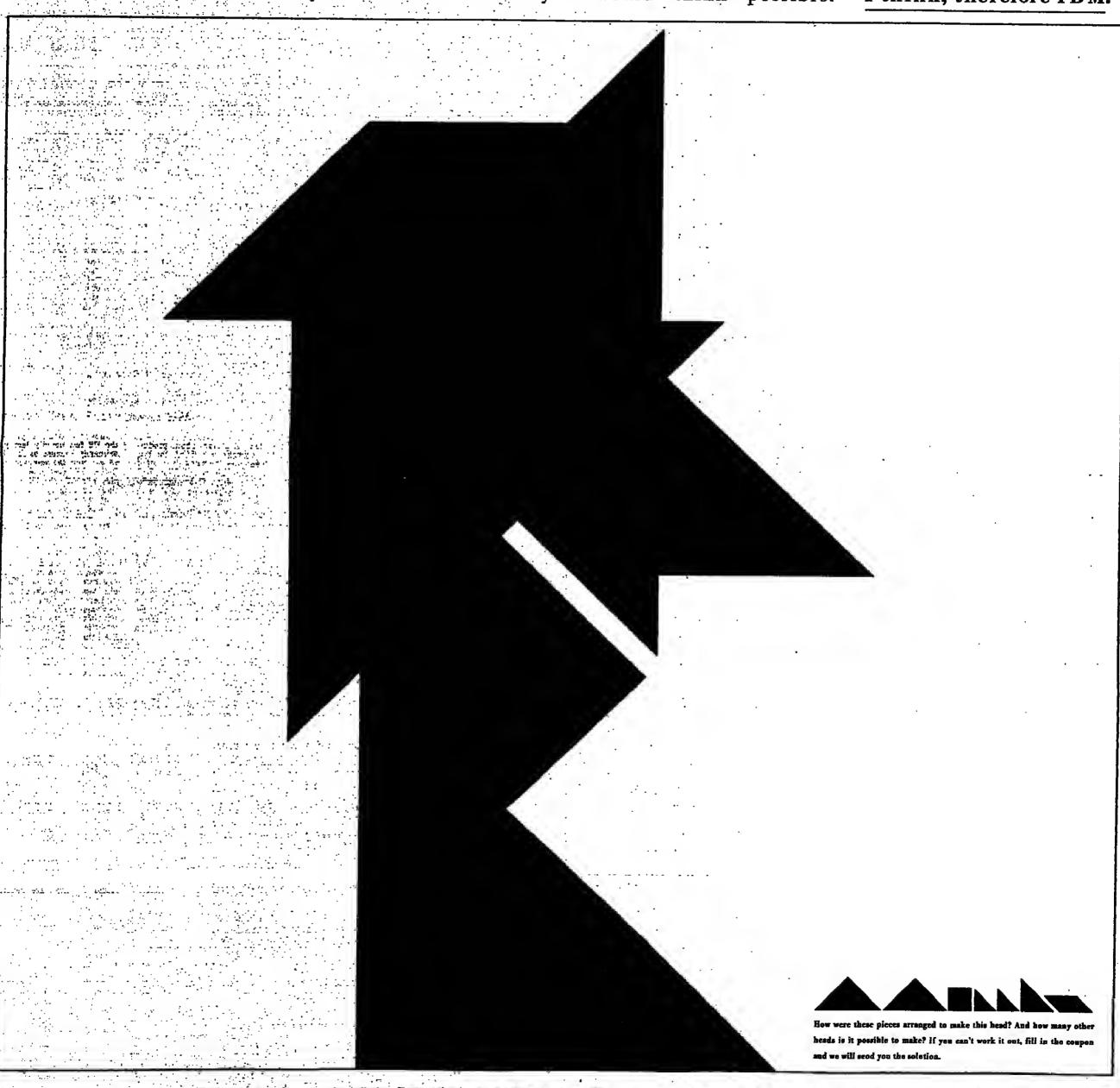
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"I want IBM's new multi-system because it will have 2,000 ready-made solutions for my business." The tangram is an ancient Chinese puzzle game which consists of just seven basic shapes. However, these shapes will produce over 2,000 different pictures. Equally, around 2,000 different business solutions will exist for use on the IBM AS/400TM multi-system. Solutions in the form of ready-made applications applying to almost every area of industry. (As if that wasn't enough, more are being written every day.) Furthermore, just as the tangram pictures can be made quickly and simply, you can develop your own solutions and applications on the AS/400 multi-system faster than you'd think possible. Which will give you more solutions for your business than you would think possible. "I think, therefore IBM."



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Germany's East and West clear the air over smog control

BY DAVID MARSH IN BONN

MR KLAUS Topfer, the West German Environment Minister, has come back from East Germany this week with both good and bad news over international co-operation on protecting the environ-

ment.

The good news is that East and West Germany, in the wake of last September's land-mark visit to Bonn by Mr Erich Honecker, the East German leader, are now at least talking to each other about clearing up ecological damage passing across their fortified land border.

The bad news is that East Germany, constrained by limited for-

many, constrained by limited for-eign exchange reserves and a badly lagging indostrial structure, has no great interest in forging ahead with costly measures to combat water and air pollution.

After three days of talks between Mr Topfer and his East German opposite number, Mr Hans Reichelt, the two sides agreed to work towards setting up a warning system to indicate when smog was likely to form along the border and in Berlin as the result of weather and air pol-

lution conditions.

Several working parties will be set up to look at bringing into power stations desulphurisation equipment and new forms of coal-burning technology. Water purification and treatment meth-ods will also be examined on a

joint basis.

East Germany gave Mr Töpfer details for the first time of pollution measurements at the massive land refuse dump at Schöenafter the Second World War.

Mr Reichelt has an important
internal political reason for not pushing ahead too fast with envi-ronmental co-operation.

The East German public has already been sensitised to the berg in Mecklenburg a few miles from the East-West border near Lilbeck, which has caused great concern to West Germans in the

importance of ecological issues after frequent contact with the West and with organisations But these moves do not go to the root of the problems caused - both for its neighbours in the

- both for its neighbours in the Federal Republic and for its own citizens - by pollutants from East Germany's industry.

Heavy metal and salt concentrations from East German plants are blamed by West Germany for a large share of environmental movement along the admage in the Elbe and Werra rivers which flow from East to West.

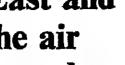
Hut Mr Reichelt refused to take

But Mr Reichelt refused to take line the country's previous deffurther steps to curb Elbe polluciencies in this area and so addition until the two sides had to Green consciousness.

As Mr Topfer found out this week, East Berlin is now keeper the profession of the

river.

East Germany has a the West, But it will still take a long-standing claim to shift the long while for Communist Germorder between the two countries to the middle of the river from the right bank where it was set into a higher one,



Klaus Topfer (above) and his opposite number Hens Reichelt

FEW DOUBT that the relentless tion, and to comtrol soil erosion; pace of modernisation and development the world over is present-social justice and a more equita-

environment. Fears are expressed almost daily about a disappear countries as a means to alleviate with chemicals and toxic waste The conference, hosted by Mrs. poisoning the atmosphere.

It is not just the environmentalist lobby that is worried. Government leaders, international agencies and banks are concerned too about the impact of a deteriorating global environment on future development and economic progress.

Last weekend, United Nations

Last weekend, United Nations officials and the heads of the World Bank and the International Monetary Fund (IMF) met in Oslo in a unique gathering to address precisely this issue. While little came out of the con-

While little came out of the conference in the way of concrete proposals it is significant enough that those attending "agreed to agree" on the way in which the problems could be tackled.

It went on to identify the following as priorities for UN action on development towards the year 2000 and beyond:

• to develop human resources to develop human resources and fully integrated population policies to protect the atmo-sphere and global climate, ocean

and water resources;

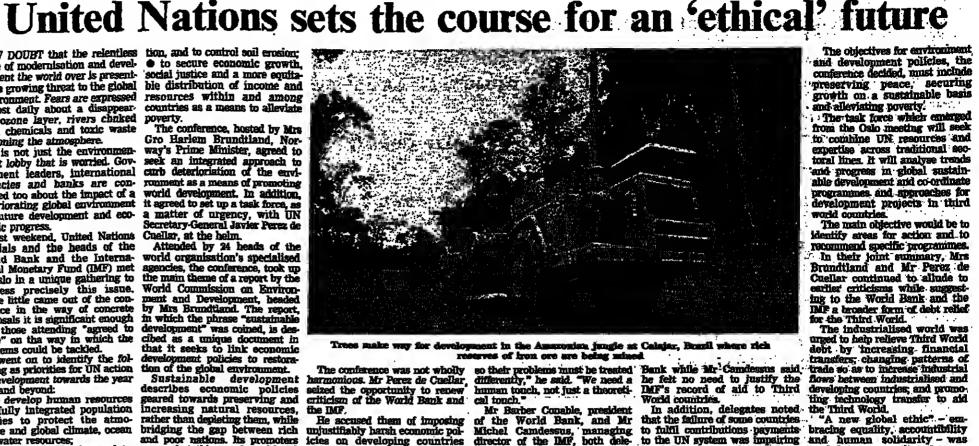
to halt desertification and to counter deforestation; to control dissemination of account all the costs – future as dangerous wastes and to aim well as present, social as well as

opment the world over is present social justice and a more equita-ing a growing threat to the global ble distribution of income and

Gro Harlem Brundtland, Norway's Prime Minister, agreed to seek an integrated approach to curb deteriorization of the environment as a means of promoting world development. In addition, it agreed to set up a task force, as a matter of urgency, with UN Secretary-General Javier Perez de

Cuellar, at the helm.

Attended by 24 heads of the world organisation's specialised agencies, the conference, took up



the IMF.

He accused them of imposing unjustifiably harsh economic policies on developing countries which served mostly to promote human suffering and environ-

rather than depleting them, while bridging the gap between rich and poor nations. Its promoters argue that this can be achieved only if governments take into account all the costs — future as well as present, social as well as resources too rapidly.

He accused them of imposing of the World Bank, and Mr that the failure of some countries. Michel Camdessus, managing to fulfil contributions payments to fulfil contributions payments of the URF, both delectors of the URF, both de

and development policies, the conference decided, must include preserving peace, securing growth on a sustainable basis and allevisting poverty.

The task force which emerged from the Oslo meeting will seek to combine UN resources and expertise across traditional sec-toral lines. It will analyse trends and progress in global sustain-able development and co-ordinate programmes and approaches for development projects in third

world countries.

The main objective would be to identify areas for action and to recommend specific programmes. In their joint summary, Mrs Brundtland and Mr Perez de

bracing equality, accountibility and human solidarity - was needed to ensure that the eco-nomic advancement of developing countries took greater account of the needs of future

China's ozone debate puts holes in Montreal Protocol

Karen Fossli in Oslo looks at a unique attempt to link economic policies to the protection of resources

AS THE final deadline approaches, a sharply divided Chinese Government is still debating whether to sign the 1987 Montreal Protocol limiting the production and emission of substances which depicts the ozone layer.

Despite concerted lobbying by the United States, the Chinese National Environmental Protection Agency (Nepa) said serious reservations still exist in some government departments over the merits of signing the protocol.

"The feeling among some of my colleagues in other ministries is that the policy does not treat developing countries equally with developed countries,"

tries equally with developed countries," said Wang Zhi Jia, deputy chief of the foreign affairs division of Nepa. "It will take some hard work to convince my calleagues to remove the obstacles."
The treaty is an attempt to limit the production of the chemicals chlorofino-rocarbons (cfc) and the emission of hal-

These substances, which are found primarily in refrigerants, electronic

Lynne Curry in Peking examines the controversy over an international treaty to limit chemical substances which are damaging the world's atmosphere

products, plastic packaging materials, and fire extinguishers, have been identified as a major factor in the erosion of the earth's ozone layer.

Under the terms of the treaty, each developing country will be allowed a maximum cfc consumption of 300 grams per capita per year until 1969. Then, cfc consumption must be frozen at the level reached in that year even if it is well below the maximum 300 gram limit.

Those countries which do not sign by September 16 this year will no longer be tende to import certain caes and halons from signatory countries.

In addition, they will not be able to import technology or obtain financial aid to produce such chemicals. Not will

they be able to export products containing cics to signatory countries.

However, the treaty stipulates devel-

oping countries which do sign the pro-tocol will be given technical assistance to develop alternative and substitute technologies for cfc products. Signatory

technologies for cic products. Signatory developing countries will also be given a 10-year grace period before they must implement the protocol.

Meanwhile, industrialised countries are permitted to have a per capita cic consumption of 500 grams per year mill 1966, when cic usage must begin to be reduced so by 1999 consumption is half that amount per person.

The creation of this treaty was the result of growing concern by scientists that a hole in the ozone layer was developing over the Antarctic continent and that this might appear at other points over the globe.

A reduction in the ozone layer is believed to have a marked adverse impact on crop production, the climate,

and the ocean food chain. Depletion of the ozone layer also reportedly increases the skin cancer rate.

As a result of the concern, the US has in recent months been intensely lobbying the Chinese to sign the protocol.

There is also a strong commercial incentive to obtain Chine's signature on the protocol.

If a large number of developing countries don't sign the treaty, they inspit simply develop their own signatures and trade among themselves, one western diplomat said. With more countries too participating, the bandency to flout the protocol would be greater.

"China is in so many ways a bell-wither (leader) country for the Third World," one observer said. "It can exert a certain influence on Third World countries, it a hig country like China signs, it will be tougher for the small.

ones to ignore."

However, there are sharp differences of opinion within the Chinese Government about whether to sign the protocol. Neps is in favor of the treaty.

The Public Security Ministry is also concerned about how it will be affected if China does not sign the treaty.

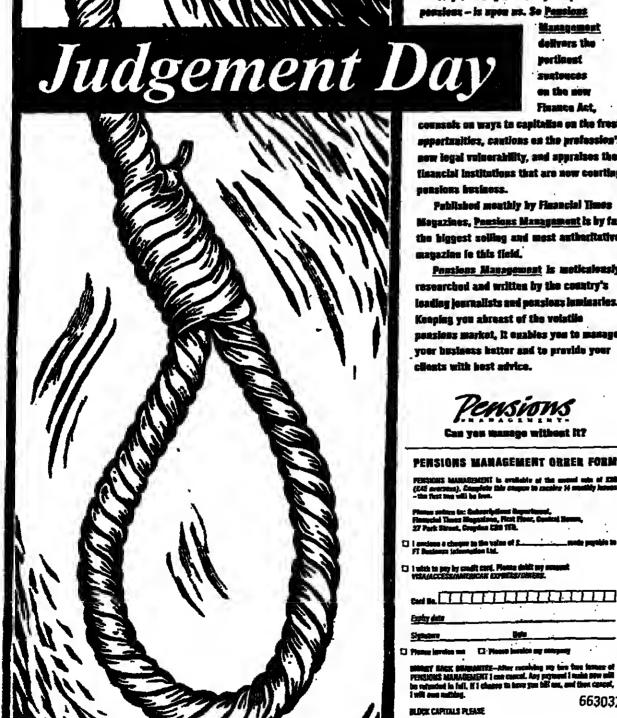
But various industrial organisations, particularly the Chemical Industry Ministry, have opposed the protocol, saying it should not be signed unless it is slightly revised.

They argue developing countries should be given more time to reach the maximum cic per capita consumption of 300 grams.

of 300 grams. In addition to these objections, the Chinese are also skeptical about the willingness of companies in the indus-trialised countries to transfer recimol-

egy to manufacture substitute product if China signs: Thus, with a great deal at stake, it is still not clear whether China will sign the protocol by the deadline.

A FINANCIAL TIMES MAGAZINE



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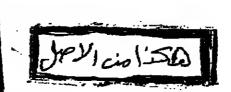
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Change San

Cuts in car

planned by

By Kevin Done, Motor Industry Correspondent

THE EUROPEAN Commis-

sion's investigation of the Brit-

ish Aerospace/Rover Group takeover has shed the first light on Rover Group's hith-

erto secret five-year corporate

It reveals proposals for fur-ther cuts in capacity of a far-more radical nature than any-thing previously admitted by the company, and adds to ear-lier suggestions that at least

part of the present Cowley vehicle assembly plant at Oxford could face closure as

the group seeks to move from being a volume car to special-

ist producer.
The disclosures could seri-

ously embarrass Rover Group, which has so far enjoyed the backing of its 46,000-strong

backing of its 46,000-strong workforce for a BAe takeover. The trades unions have complained that they have been left in the dark over BAe and Rover Group intentions, but it has been assumed that a takeover by a company from outside the motor industry would presage far less drastic rationalisation than would result from an acquisition by a vivel

from an acquisition by a rival

According to details of

Rover Group's corporate plan 1988-92 provided to the Com-

mission by the UK Govern-

ment, "a considerable reduc-tion is planned in assembly

and component capacities for Austin Rover in order to increase productivity and capacity utilisation.

The information supplied to Brussels says that capacity utilisation at Rover Group wild not exceed 50 ner, cents.

"did not exceed 60 per cent" last year. In 1987 it produced

508,900 vehicles comprising

467,000 cars and carderived vans and 41,300 Range Rover and Land Rover four-wheel

drive vehicles.
The Commission says that

Rover Group's plan envisages a "global capacity reduction in vehicle assembly and compo-nents" at Austin Rover, which

will "almost entirely resolve the present overcapacity". The bulk of Rover Group production plants are in the Midlands of England.

one integrated site at Solihull, one integrated site at Solinuil, near Birmingham, and the Commission evidence says that no additional capacity cuts are envisaged there beyond ones

already undertaken in 1985/86.

It is understood in Brussels that the car assembly plant at Cowley would be an obvious main element of the restruct.

car maker.

capacity

Rover

Growth surge cuts jobless total, raises inflation fears

Unemployment

3.0 Excluding

28 School

Vacancies

Earnings.

The change does not affect the

growth rate was highlighted yes terday by a string of official sta-tistics showing a renewed surge in manufacturing output strong productivity gains and another sharp fall in the official jobless total

total.

The figures were greeted by the Government as further evidence of the success of its economic strategy, but they intensified unease in financial markets about a possible acceleration in

The absence of any sign of a slowing in the pace of growth also intensified speculation in Whitehall that Mr Nigel Lawson, the Chancellor of the Exchequer, may soon move again to raise interest rates to cool buoyant consumer spending and borrow-

A rise in base rates from the present 10 per cent to perhaps 11 per cent is being discussed in the ent as a serious option. Official forecasts presented to yesterday's Cabinet meeting on yesterday's Cabinet meeting on public spending are said to have indicated that without a further tightening of monetary policy the annual inflation rate could rise to well over 5 per cent early in 1990.

Yesterday's figures suggest that the rise sharp rise in the calculating shifts in the labour exchange rate over the last few months has yet to have a visible impact on British industry.

The Central Statistical Office erment-sponsored schemes in

opact on British industry.

The Central Statistical Office ernment sponsored schemes in (CSO) said that in the three the definition of the workforce, months to May, manufacturing pushing up the total said to be in output was 1.7 per cent higher work by over 330,000. than in the previous three months. It estimated that output months, it estimated that output unemployment total but it was now growing at an underly reduces the unemployment rate ing rate of around 6 per cent a as a proportion of the workforce

was now growing at an underlying rate of around 6 per cent a year.

In parallel, the Department of Employment said that its official jobless total had fallen by a seasonally adjusted 38,900 in June to 2.38m, the lowest level since 1981. The fall was the 23rd consecutive rate that it would not incorporate the change its the compilation of Britain's national successful as in mid-1986.

Mr Norman Fowler, Employment total out in a 2 proportion of the workforce by about 0.1 percentage points.

However, The CSO, which is responsible for the bulk of the Government's statistics, indicated that it would not incorporate the change its the compilation of Britain's national successful as in productivity, and the north-west and hostin of strong gains in productivity.

and fastest in the west guidands output was reflected in further and the north-west and north of strong gains in productivity, England.

The Department also reported growth of unit labour costs and a sharp rise in the humber of curbed the loss of competiveness people in work in the first quarrelet of 1988, but faced an embar-ciation.

230 185 Ars. Brit. led. Ordinary 230 186 Ark. Brit. led. CUIS 40 25 Armitage and Brodes

57 40 Opt version 1 12 155 Bardon Group Com. Port. 114 100 Borrion Group Com. Port. 148 137 Bray Technologies 111 100 Brawell Com. Port. 120 246 CEL Group Ordinary 12 Com. 12 Com. Prof. 12 Com. Prof

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Output per head in manufac-turing in the three months to May was 6.6 per cent higher than in the same period a year earlier, while unit labour costs rose by 24 per cent.

Fears in financial markets about the inflation outlook was also mitigated by a downward revision in the pace of earnings growth in the economy from the previously thought 8% per cent

The May rise was less than expected by most City analysts and will ease slightly lears about excessive wages growth in the economy. However, there is little evidence that the rate is moderat-

The latest figures show aver age earnings growth has remained constant for six consecutive months. Mr Norman Fowler, Employment Secretary, described the latest figures as

"stubbornly high."
Official worries about the outlook for prices, however, centre on the strength of consumer spending and borrowing in the economy and on an acceleration in the growth of the narrow money supply measure, Mo, which measures only notes and coins in circulation.

Although interest rates have been raised by 2½ points to 10 months, there is concern that the impact on consumers may be have been muted by the gramove upwards in % point stages.
There is also uncertainty over whether the prospective rise in mortgage rates next month will not be enough to brake the frenetic pace of increase in house prices in the south east of England, which is seen as a key factor in encouraging higher

credit demand. A key factor in the timing of any further interest rate rise may be the reaction today of foreign exchange markets to the US trade figures for May. A further rise in the dollar might intensify

base early next week.

About 103,000 working days were lost in May through industrial stoppages, compared to a figure of 222,000 for the same month last year, and an average of 603,000 for May between 1978 an

Thatcher may reappoint former adviser

economic adviser to Mrs Mar garet Thatcher, Prime Minister, between 1981 and 1983, is consid

office at the world bank in Washington, Sir Alan said that he had had informal discussions about his possible return. Sir Alan said that no formal invitation had as yet been extended by Mrs Thatcher and that he had not made a firm decision to leave the US, but added: "We're still

It says that Rover's planned Sir Alan was one of Mrs Thatcher's most influential advis-ers during his tenure at No 10. Whitehall insiders say that she restructuring involves a numhas continued to consult him or a whole range of issues, includ-ing during her dispute with Mr Nigel Lawson, the Chancellor of the Exchequer, over exchange

Change die (p) % P/E SIR ALAN WALTERS, persona 21 51 64 33 21 225 67 59 5 52 37 182 110 99 1 123 44 42 147 97 61 43 92

ering returning to 10 Downing Street in a similar role. Speaking yesterday from his office at the World Bank in

The central objective of the corporate plan drawn up by Mr Graham Day, Rover group chairman and chief executive since 1986, is to "transform Rover Group in the medium-term from a volume producer to a specialist producer offering a limited producer of more." ing a limited range of upper-market models containing higher value added and profit margins," says the EC docu-

ber of measures in a variety of activities". The time required for the moves is considerable and is comparable to efforts already undertaken by other European automotive groups, the report adds. The reduced aid it has sanctioned is "clearly linked to the restructuring of Rover Group over the next years, given the written commitment of British Aerospace towards the UK authori-

> Neither the UK Government nor Rover Group have admit-ted, even under questioning by the House of Commons Trade and Industry Select Commit-tee, that it is planning more substantial curis in capacity, but the Commission says that Rover Group is planning a £1.553bn investment and restructuring programme. Pre-viously BAe has told MPs only of a 21bn investment plan for the next five years involving chiefly new model develop-

BY MAURICE SAMUELSON

THE PUBLIC inquiry into the disaster on the Piper Alpha oil platform should be as full and

far-reaching as possible, Mr Cecil Parkinson, Energy Secre-

tary, said yesterday. Mr Parkinson was announc-

ing the terms of the Aberdeen inquiry into the North Sea disaster which killed 166 oil

workers. The chairman, Scot-

tish Judge Lord Cullen, would

report on the circumstances and cause of the accident and

make any observations and recommendations he wished to

make to save lives and avoid

similar accidents.

Mr Parkinson released the

inquiry details before a meeting next week with leaders of

eight oil unions critical of North Sea safety standards.

ties to execute the corporate plan 1988-92.

SECOND TERMINAL AND NEW TRACK PROPOSED

BR unveils plan for high-speed link

BRITISH Rail yesterday announced a series of propos-als for a high-speed rail link to be built between London and the Channel tunnel on the Kent coast.

It said new track would be needed to meet increased international passenger early into the next century. The state-owned rail group

said a second international rail terminal would also he required for passengers travel-ling from London to continen-

tal Europe.

The terminal would be in addition to the international terminal which British Rail has already proposed at Waterloo station in central London south of the River Thames. Candi-dates for a second Channel Tunnel terminal include Kings Cross station in north London, Stratford station in east Lon-don and White City in west

A terminal north of the river would give greater access to the Tunnel for those living in northern England and the Mid-

London.

Mr Paul Channon, the Transport Secretary, said private companies had expressed inter-est in investing in a high speed track between London and the Tunnel and this should not be ruled out. Mr John Welsby, the British

Rail director responsible for Channel Tunnel investment said the cost of building a new between £725m and £1.2hn.

Canterbury Route 3 Redhill Channel tunnel Proposed new routes

depending upon which options were was chosen. The proposals call for new routes to be built through parts of the Kent countryside and for

additional track to be laid along existing lines. This could threaten houses and gardens adjacent to some of the routes.
This would be likely to
inspire strong local opposition
from anvironmentalists. The Chunnel itself has already given rise to strong local lob-

provided only a general indica-tion of areas through which the high speed link might pass. Detailed designs would not be reay for another two years. It would be at least eight to 10 years before a high speed line would be fully operational.

Mr Alastair Morton, joint

chairman of Eurotunnel, the Anglo French group which is building the Channel Tunnel, yesterday welcomed British Rail's proposals. He said extra rail capacity between London and the Kent coast would be needed within two to four years of the tunnel opening in 1993, much earlier than British

British Rail plans to run trains at first along the existing Orpington/Tonbridge/Fol-kestone boat train line. This

route is already heavily use and allows an average speed of only 60 mph. This compares with average speeds of 145mph which it is expected trains will be capable of on a high speed track running across northern

Mr Rohert Hughes, the Labour Party's spokesman on transport, yesterday accused British Rail of being apathetic, too timid in its approach and failing to live up to the challenge of the tunnel.

The Council for the Protec-

tion of Rural England said that some of British Rail's proposals would be extremely damaging

Clowes fund advertised By Richard Waters in Britain

By Richard Waters

THE CLAIM of Barlow Clowe investors against the Department of Trade and Industry was strengthened yesterday when it emerged that the group's offshore fund in Gibraltar advertised for clients in the Times newspaper in

This is likely to strengthen grounds for claims that the Gibraltar fund, Barlow Clowes Inter national, carried on business in the UK, Under the Prevention of Frand (Investments) Act, it would then have required a licence from the DTI. BCI is believed to have adver-

tised only once in the Times, in a survey on Gibraltar which appeared on 26 March 1987. The advertisement explained that Barlow Clowes had established its international head office in Gibraltar, and invited applica-

yesterday: "I'm not going to comment at all on whether it would have brought them within the scope of the Act. It is the kind of thing that Sir Godfray le Quesne (who is conducting an internal enquiry of the DTI's handling of Barlow Clowes) should be inter-ested in."

Later in the day the DTI con-firmed that it had passed a copy of the advertisement to Sir God-

The relevance of the advertisa ment to establishing whether BCI carried on business in the UK would be a question for a court to decide, said the DTI spokesman. "A small advertisement tucked away in a corner of a technical

away in a corner of a technical journal might not be considered serious. But a full page advertisement in The Sun might be."

Mr Richard Felipes, former sales manager with BCI in Gibraltar, said yesterday: "We weren't allowed to advertise in the UK and we never did, except once in the Times, and that was done without our (Gibraltar) approval." Approval for the approval." Approval for the advert had been given by Mr Peter Clowes, he said.

The only other BCI advertising that appeared in the UK was through magazines targeted at expatriate investors which had limited UK circulation.

The Times said yesterday that it was "very careful about investment advertisements." Ms Jackie Griffiths-Jones, advertisement manager at the time the BCI item was placed, said: "Whenever there is concarn, we always refer cases to the business news editor or our lawyers."

turing, Science and Finance

Union, yesterday said safety standards on British oil rigs were also deplored by Norwe-

He said Mr Lars Myrhe, pres-

ident of the Norwegian oil

unions and a former Norwe-

gian inspector on oil rigs, would tell a conference in Lon-

don next Monday that Britain

was "in the dark ages as far as North See safety is concerned.'

gian oil workers.

Parkinson sets terms for

inquiry into Piper Alpha

Court orders winding up of London futures firm

THE SECURITIES and Invest-

firm makes it by far the biggest of the three futures firms against which the SIB has taken action

over the past month.

The SIB petitioned the High Court that the firm was insolvent and that it was "just and reason-able" that it be wound up. It was

unable to say yesterday whether there would be a shortfall in investors' funds. pany. He in turn has appointed zen rather than being put into Mr Christopher Morris, a Touche Ross partner and the former liqhad several hundred clients. The

firm's offices in Hatton Wall, in lost money with it, though, the heart of London's Hatton Stox, the first futures firm to Mr Drabinsky believes it is possessively: "Tm not going to comment at all on whether it would nave brought them within the summing of the business.

The heart of London's Hatton Stox, the first futures firm to Mr Drabinsky believes it is possible to more than double the closed by the SIB, is believed annual total of cinema visits in between £500,000 and £600,000.

CSTC, or Computer System ments Board yesterday obtained Trading Co, which was set up a court order to close CSTC, a three years ago, was said by the City of London futures firm SIB to have between 1,600 and

Most of CSTC's clients are believed to have invested in futures syndicates in the US. Unlike other futures firms whose husiness practices have come under scrutiny, CSTC is

to have charged excessive cominvestors' funds.

The official receiver, Mr Michael Pugh, has been appointed provisional liquidator of the comfunctions.

Of the other firms against and plans are well advanced for multi-screen cinemas at Harlow risk and Glasgow.

Toronto group to invest £50m in UK cinemas

By Raymond Snoddy

CINEPLEX Odeon, the Toronto-City of London futures firm SIB to have between London Ross which may have as many as 2,000 clients. A Touche Ross groups, yesterday announced spokesman, though, said that plans to invest \$50m in the UK to create 110 screens at 20 sites over the next four years. Mr Garth Drahinsky, chair-

man, said the company's first new London cinema complex believed not to have engaged in high-pressure sales techniques or to have charged exception and the a tour-screen 1,900 seat cinema in the Trocadero Centre off London's Piccadilly Circus. would be a four-screen 1,900 seat

Mr Drabinsky, a 40-year-old Mr Christopher Morris, a Touche
Ross partner and the former liquidation, is believed to have
Ross partner and the former liquidation, is believed to have
had several hundred clients. The
high turnover of clients in the
special manager.

Touche Ross moved in to the
firm's offices in Hatton Wall, in
lost money with it, though.

The Adelphi, London WC2 Their leaders are said to be angry at not seeing the full confidential report of a 1984 explosion on the Piper Alpha platform, even though the doc-ument will be available to Lord Last remaining floors: Entire floor: 29,000 sqft. Halffloor: 12,000 sqft. Mr Roger Lyons, deputy general secretary of the Manufac

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22 327

Notice is hereby given to shareholders that the dividend for the 1987 financial year, as resolved upon by the annual General Meeting of Shareholders on June 24, 1988, is payable from July 18, 1988.

The dividend, subject to any applicable withholding taxes, amounts to:

- Lit. 60 per savings share.

Upon presentation of securities and detachment of coupon number 8 from ordinary shares and coupon number 3 from savings shares, dividends will be paid at the Company's registered office, at any authorized Italian bank, or at the following financial

in Switzerland

Société de Banque Suisse—Basel and Zurich, Crédit Suisse—Zurich, Union de Banques Suisses—Zurich, Hentsch & Cie.—Geneva, Banca della Svizzera Italiana—Lugano, Banco di Roma per la Svizzera—Lugano.

In Great Britain:

Banque Bruxelles Lambert, Kredietbank, Genérale Bank-Bruxelles.

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Cabinet approves limited public spending growth

BY PETER RIDDELL, POLITICAL EDITOR

THE cabinet yesterday agreed guidelines for the forthcoming discussion of public spending plans for the next three years almed at ensuring continued overall restraint and some lim-

ments' budgets.

Faced with bids for an additional £8bn to £9bn above existthe existing strategy of aiming for a reduction in the share of public spending in national income. In the past two years this has permitted some upward adjustment of the course? adjustment of the overall plan-ning total since leeway has been created by faster than forecast growth of national income.

growth of national income.

In the House of Commons yesterday, Mr Nigel Lawson, the Chancellor of the Exchequer, stressed the priority of reducing inflation. He said he was "still not satisfied with the rate of inflation. I am determined we should get it down and policy will be directed to that end."

After the hour-long cabinet discussion, one senior minister said there had been "no particular dif-

cussion, one senior minister sau there had been "no particular dif-ficulties." But a number of minis-ters apparently argued that the strength of the economy and of public finances provided leeway to meet needed departmental

social security, education, law and order and defence. Conse-quently, the Star Chamber arbi-tration committee is almost cer-tain to be called into play in mid-October under the chairman-ship of Mr Cecil Parkinson, the Energy Secretary, before the antumn statement in early

The official Downing Street statement said the cabinet had "agreed that public spending should be held as close as possible to the existing planning totals, (£167bn for 1989-90), so that the share of public spending in national income should conthree survey years." (up to 1992, the last date for the next elec-



Perkinson: set to chair

specifically refers to three years ahead rather than one. Moreover, there is no reference to previous white Paper (policy document) targets for the share of public spending in national income, but just to a further decline. This is to take account of the probability demands.

There will now be hard bargaining between the Treasury and departments, particularly over the budgets for health, social security, education, law and order and defence. Consestarting point for later projec-

> The Treasury is pleased with these guidelines, which ministers and oliticals believe are realistic enough to allow some flexibility on expenditure, but sufficiently tight to permit scope for further tax cuts. Ministers privately believe some reserve will be needed to ease, and reduce the impact of, the introduction of the community charge, or poll tax, before the next election.
>
> Separately, Mr Lawson said during question time in the House that his concern over the

rapid rise in house prices had led to the budget actions to stop on). relief for new loans for home This is broadly the same for improvement and double relief mula as announced a year ago, for a single home.

Moscow will host world forum to shape safer nuclear energy

TOP EXECUTIVES of the world's engages in practices which others encouraging comparison and electricity companies operating know from their own experience stimulating emulation among nuclear reactors will meet in to be unsafe, as happened at operators, had crystallised as nuclear reactors with meet in Moscow next spring to inaugurate an international forum for exchanging experiences of nuclear mishaps and accidents.

Moscow is planning an open meeting with TV coverage to

demonstrate its readiness to cooperate with the west in critici-sing each other's nuclear safety, Lord Marshall, chairman of the sing each other's nuclear salety,
Lord Marshall, chairman of the
Central Electricity Generating
Board, said yesterday
Lord Marshall, who recently
Lord Marshall, who recently

Lord Marshall, with recently next meaning so that a runreturned from a tour of Soviet away accident could never hapnuclear facilities - including pen again in this type of reactor. Operations, set up in the US after
chernobyl - said in an interview that it was hoped every
nuclear electricity company
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nuclear ele would attend the first meeting of the World Association of Nuclear Operators (Wano). Lord Marshall said Soviet

approval for Wano came from the Politburo after disagreements between the Ministry for Nuclear Power, which was in favour, and

Chernobyl.

The reactor which exploded at Chernobyl in the spring of 1966, killing 31 people, involved principles western reactor designers had rejected as unsafe. However, these were not disclosed to the west until after the accident. west until after the accident.

Lord Marshall said he had been

The other is that this objective cannot be achieved "without the maximum international collabo-ration, including specific utility ation. Wano is modelled on the Insti

More than 400 nuclear power stations are operating worldwide, providing about 16 per cent of the world's electricity. The US accident had disclosed that US electricity companies had not exchanged experiences Yesterday Lord Marshall told the National Joint Co-ordinating Committee for the electricity supamong themselves any more freely than the Soviets had with the west, Lord Marshall said.

other government departments by the initiative of the spectral supposed it.

Wano's chief purpose is to ensure that no nuclear operator by exchanging information, visited a US PWR.

Holiday charges may rise to cover cost of air delays

THE cost of coping with flight delays caused by thit summer's European air traffic control disputes could add to the charges on package holidays, UK airlines believe.

One independent airline estimates the overall costs for UK strings way reach 6550m. This

airlines may reach \$50m. This takes into account the cost of disruption, additional hotel

disruption, additional hotel and meal charges for passengers and the fact that aircraft are often grounded abroad for hours, mable to earn money.

The problem arises in several ways. First the congestion arising from the growth a traific delays flights where "flow control" is introduced, reducing the number of flights per hour through specific acctors of airspace to maintain safety.

safety.

This can be coped with, although it becomes more serious when aggravated by bad wasther over western Europe, as happened in the first few days of July when some airports either closed or cut traffic flows for several hours.

The worst problem, how-ever, stems from the disrup-tion caused by industrial dis-putes by air traffic controllers. The dispute this week in Greece has, in particular, taken several days to clear and

problems have to meet such problems by offering additional meals to the delayed passengers and in some cases finding them hotel accommodation, which can be difficult to find.

For some passengers this week, this entailed taking them long distances to the Hidlands from Gatwick, south of London, by lone and even sensitines by sir, and by putting crews whose flight-times had expired into hotels over-

. Charter stritues have sessed problems in some cases by craft in one case a Boeing 747 to put smaller aircraft loads together and so cut the number of take off allocations required. But such aircraft are nsive and difficult to find

dening peak season.

Scheduled and charter airlines alike are reluctant to
detail their additional costs
and many of the bills have still
to come in, but the cost
smoonts to willions of pounds. Furthermore the summer seas-son is only half-way through and the busiest months of August and September are still

August and September are still to come.

Threats of further industrial action, such as that by French air traffic controllers next week, and the possibility of other disputes before the end of summer, mean that the airlines are resigned to substantial further costs.

Holidaymakers were held up earlier this week by a two-day protest during which Greek air traffic controllers refused to eat or steep. About 2,000 travelers had to stay overnight in Gatwick airport on Tuesday night and flights faced delays of up to 24-hours.

The Greek worlors reached an agreement on pay with the Ministry of Transport.

Revenue examines tax status of mobile telephones

mobile telephone to ring home from the traffic jam and ask what's for dinner should be treated with caution in future. The Inland Revenue is examining whether car phones should be treated as a taxable perk. The argument over whether a car telephone — which can cost from £400 to upwards of £3,000 - should be regarded as a ben-efit in kind and taxed accordingly is so far unresolved, but the inland Revenue confirmed its interest yesterday. "This is comething we are looking into at the moment," said a spokes-

is seminated that more than in mobile phones will be in use by 'the middle of next year and so they could be a lucrative source of income to the Reve-

ompenies uncertain waterir tax aid car phone costs to their tax return forms showing employrectiff faring showing cappay-ees' benefits are being advised to list them and wait and see. "If in any doubt at all, employ-ers should put the cost down so that we can decide whether it is chargeable," said the spokes-

She could not reveal just how the inland Revenue was thinking, but said that it was not necessarily comparable with a com-pany-provided rental telephone at home.

The taxman established his right to tex that perk in a 1972 civil action, but the difference then was that the tex was mainly on

was that the ux was manny on the cost of private calls estab-lished by negotiation. The car phone argument sur-rounds whether all or part of the cost of the telephone, its fitting, and any private calls should be classed as a benefit for trial.

If the telephone were to be regarded as a car accessory the cost could be lumped in with the total price of the vehicle, making the company car even less of a perk than it has become since the last budget. The Inland Revenue has no time-table for reaching a solution, but in the meantime it may be product to find a secladed spot before placing a call to your grandmother in Australia:

BAe, Rockwell in USAF bid

BRITISH Aerospace has teamed McDonnell Douglas and Beech of mean up to 40 aircraft a year.

battle for the contract is likely to be among BAe's flercest to date be among BAe's flercest to date in the face of expected bids from other small-jet builders such as Canadair of Canada and Lear, than 200 aircraft, which could at current values.

BRITISH Aerospace has teamed up with Rockwell Corporation of the US.

BAE recently won an order worth could be worth more than \$1.5bn.

BAE would submit its twin-engined Type 125 eight-senter executive jet for the competition. The battle for the contract is likely to be among BAE's flercest to date and almost facilities.

Total Type 125 sales have now exceeded 700, of which 60 per cent (or 420 sincraft) have been sold in North America, since pro-BAe said yesterday it had also won an order for three 125-800s from Williams, US oil and tele-

Vying for a little slice of Mrs Thatcher's Britain

WHICHEVER of the 15 candidates for the Kensington by-election is declared the winner early today, all would likely agree that the London constituency over which they have fought this past month is a little silec of Mrs Margaret Thatcher's Heitain writes Charles Hodgson.

For the Conservatives, whose standard bearer Mr Dudley Fishburn is expected to held the seat, most Kensington residents have benefited from sustained economic growth and low inflation in nine years of Tory role.

For Lebour, Mrs Ann Holmes concerned about the injustices of the last budget and social secutive fine to make the constituency in the front line of the class war, where the distinction between the winners and the first line of the class war, where the distinction between the winners and the first line of the last budget and social secutive fine to put the power of the last budget and social secutive fine to put the front line of the class war, where the distinction between the winners and the first line of the class war, where the distinction between the winners and the first line in the peculiar nature of Kensing and listeral Democrat cannot kensing to put the injustices of the last budget and social secutive fine to put the front line of the class war, where the distinction between the winners and the first line in the peculiar nature of Kensing and listeral Democrat cannot be more evident.

Mr William Goodhart, the socially-conscious Tory voters concerned about the injustices of the last budget and social secutivity changes.

Whatever the value of these arguments, they tend to ignore and the first line in the power with a dense but highly mobile population.

Mr William Goodhart, the social secutive fine in the power with a dense but highly mobile population.

Mr William Goodhart, the greater proportion of young admits among its 46,000 electors than average unemployment, particularly in the power has a dense but highly mobile population.

WHICHEVER of the 15 candidates for the Kensington by-election is declared the winner early today, all would likely agree that the London constituency over the constituency in the front line.

"socially-conscious" Tory voters concarned about the injustices of the last budget and social secutive constituency in the front line.

"socially-conscious" Tory voters concarned about the injustices of the last budget and social secutive constituency in the front line.

Whatever the value of these

half, the accord-highest crime rate in London and an unusually high number of students, foreign the seat, for Brandon Rhys Williams. Sir Brandon Rhys Williams. Sir Brandon, whose death the campaign on the key issues of poverty, housing the poll tax, health, education and crime.

Mr Fishburn, a 42-year-old journalist, has stood firmly on the Government's record, stressing parters claim solid support in the matthern half of the constituency there can be no prosperity to and detect a softness around the share.

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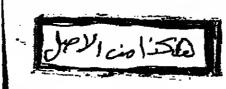
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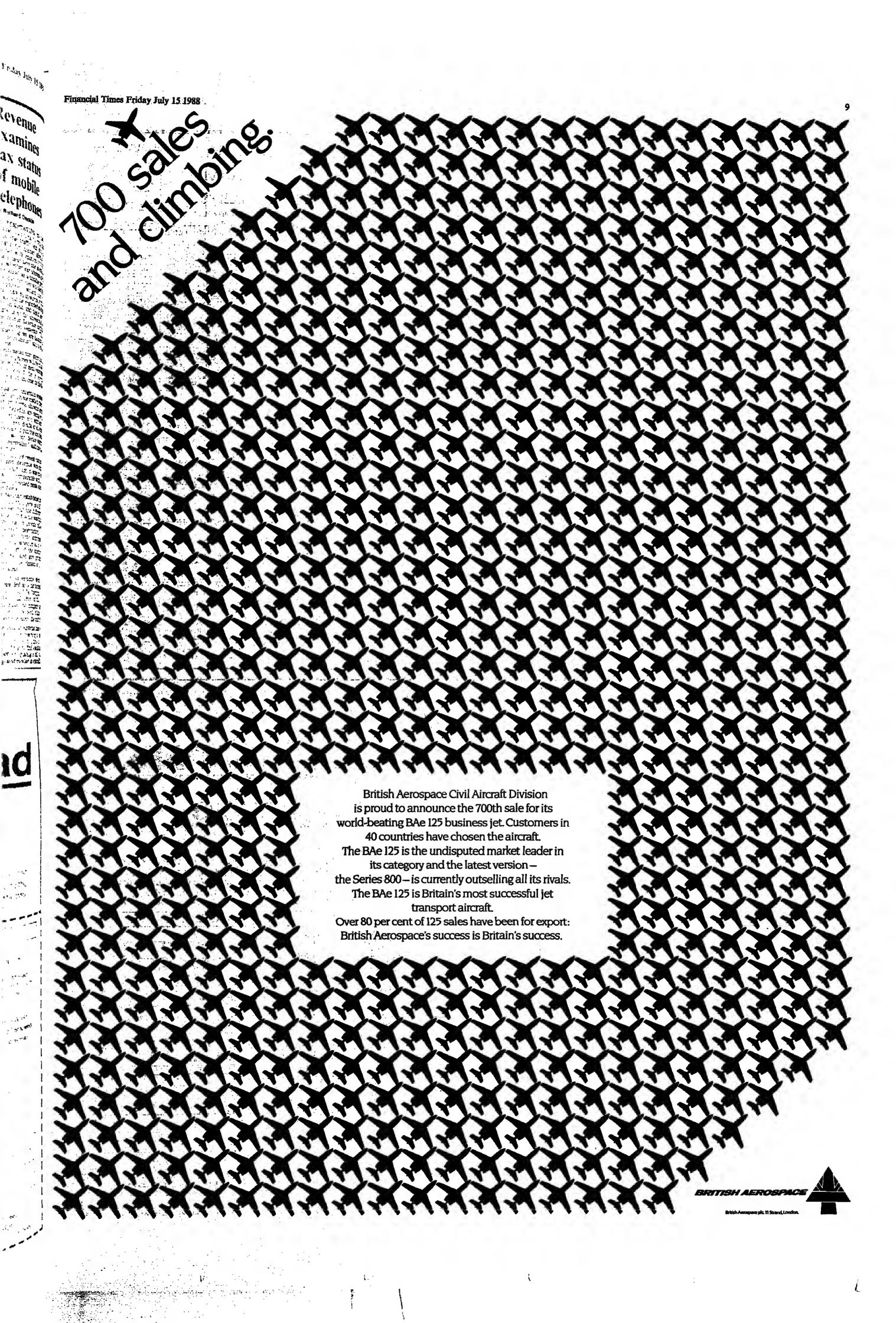
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Yet another bumper crop.

In just eleven short years Apple Computer has grown to become one of the largest and financially strongest companies in

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the world. Our turnover for 1987 was £1.44 billion.

We're also ranked 51 in the Fortune 500 list in terms of market capitalisation.

To put that into a British context, we'd be larger than Glaxo Holdings, RHM and W. H. Smith & Son (Holdings) in terms of sales. And we'd be the 29th most profitable company on a pretax basis, ahead of Sears, Courtaulds and Rothmans International.

A remarkable achievement in anybody's books.

Back in 1977, when we started, our sales totalled £418,400. Any doubting Thomas's over the following years

have had to eat their words. Even more so this year

Our latest results show our profits soaring in our

second quarter by 135% with sales up 51% to \$468.8 million.

An analyst was sufficiently moved to remark to the 'Wall Street Journal' that our performance was "sensational...the Macintosh" just keeps gaining momentum."

While the 'Financial Times' was impressed enough to comment "Apple"... has begun to reap the rewards of its efforts to crack open the business personal computer market."

The 'Infomatics Daily Bulletin' said "Apple Computer continued its seemingly inexorable rise towards the top of the IT industry pecking order."

Another leading analyst predicted "Apple could sustain 25% growth for many years."

Please excuse us for blushing.

To cope with all this present and future growth, we've established a major new European headquarters in Paris We're also implementing dramatic expansion plans in the UK.

All perfectly natural behaviour for the largest dedicated manufacturer of personal computers in the world.

Another fact we're understandably proud to announce.

Apple. The power to succeed.

A breakthrough for the brokers

odition.

THE INSURANCE industry is drowning in paper as insurers and their intermediaries struggle to keep on top of the mounting tide of quotations, proposal forms, cover notes and so on.

It is a natural candidate, therefore, for electronic data interchange (EDI), a jargon phrase for the despatch of standard messages (electronic documents) between computers over telecommuni-

Mainframe manufacturer ICL and the US-based General Electric Information Services (Geisco), for example, last year set up a joint venture called Interna-tional Network Services (INS) which runs the Brokernet motor insurance

Istel Financial Services and Misys Dataller, a software software house spe-cialising in insurance systems last week announced a joint marketing ven-ture to provide EDI between intermediaries and insurance companies, also in

the motor insurance area.

But it is IBM, the world's largest computer manufacturer that will, in the first instance, provide the network for a development in insurance EDI which experts believe is unique and could lead to a revolution in the way intermediaries deal with insurance

Earlier this week, it became known that a consortium of leading UK insurance companies had funded and were preparing to market a computer syst which will do away with most of the paper which is the bane of insurance neonle's lives.

Designed in the US but developed in association with a UK software house, Fame Computers of Birmingham, the system would seem to have the potential to accompany to have the potential to accompany to the potential to the pot tial to save costs in any business which uses documentation extensively.

Called "Formlink," it is to all intents

Called "Formime," It is to all intents and purposes a conventional EDI system. Taking as an example a proposal for life insurance, the intermediary calls up a standard form onto a personal computer screen, fills in the client's details and despatches the completed form to the insurance company with a press of the button.

But there is an important difference. The form the intermediary calls up is an exact video replica of the insurance company's paper documentation. It has been created using an image scanner. The client's details are keyed into the video document using the computer

This mix of image processing and data processing represents a significant technical breathrough for the system's designers, Access Development of Boston in the US (see accompanying box).

Mr Douglas Shillitoe of The Shillitoe Consultancy, a recognised authority on insurance systems believes Formlink is an exciting development: "It provides a simple input system for brokers and it is a new approach to the reformatting problem. It looks a very attractive proposition."

By reformatting, Mr Shilliton means the extensive and inevitable re-keying as paper forms are copied from one computer system to another, a labour intensive and error prone business. The savings which should flow from the development of a system in which vital data is keyed into it only once are suffi-ciently attractive to have persuaded three leading UK insurers, Commercial Union, Legal & General and Royal Insurance UK, to have invested almost Elm over the past two years to bring Formlink to market. General Accident, Guardian Royal Exchange and Norwich Union have joined the consortium to assist in marketing the system to

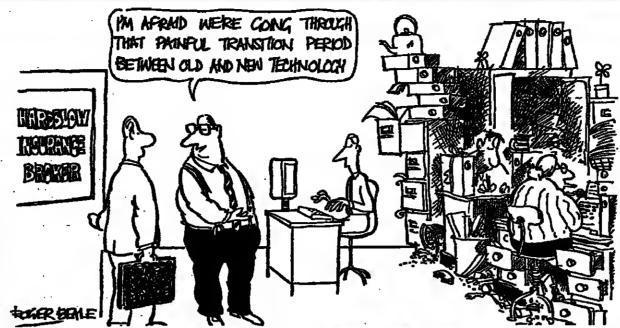
TO MAKE a video image of a docume jump through the hoops that Formlink demands is in itself a formulable technical fest. To make it happen on a conventional IBM PC/AT personal computer and office printer is close to the

What Access Development has achieved, using a battery of ingenious programming methods, is to create "intelligent images" of each insurer's

documentation.

The first stop in setting up a new document image, explains Paul Mycock, senior technology consultant at Fame Computers, is to put the document through an image scanner, a standard piece of equipment which stores the image of the document in computer language as a stream of hits-Os and 1s. It takes 11.2m bits conve tionally to store the image of a single

Formlink technology, however, com-8:1 to 20:1 so the entire image is stored in, say, 1.1m hits. This is necessary for two reasons. It belps with economical use of disk storage on the personal computer, but more important it allows the document to be displayed on the screen without undue delays. When



Britain's 30,000 or so intermediaries. ng to Mr Fred Pritchard, managing director of Fame Computers; "They are co-operating with each other to an extent I have never seen before."

Formlink is the brainchild of a US insurance technology specialist, Mr
John Jancaitis, who had worked on the
principal US insurance network
IVANS, now some seven years old.
IVANS uses standard message formats
through which intermediaries can communicate with their insurance companies. It has not, insurance experts agree, been an outstanding succe

The reason, according to Mr Prit-chard is that it gave the intermediaries a great deal more work to do while

the development team began work it took 1.5 minutes to fill the screen with the video image of the document. Now it takes a less than a second.

Access and Fame are coy about the exact methods they use to achieve this

remarkable speed of compression and decompression, balleving they have up to two years lead on the competition. Suffice to say that the system "knows" the stream of hits is part of an image with length and breadth and is there-fore able to compress the data to two dimensions rather than one. The next, dinensions rather than one. The next, and critical, step is to mix image processing and data processing. The systems developer blanks out areas of the form which have to be filled in with a client's name, address and so on by describing them to the system in terms of their co-ordinates. These are relative co-ordinates. No matter how the document is handled by the sys-tem, it remembers where the blank spaces are located.

After the details have been entered through the keyboard, it remembers where the alphanumeric characters must be placed and distinguishes between data bits that describe the video image and data bits that describe the alphanumeric characters. The calfailing to allow the insurance companies to differentiate themselves through their documentation. Intermediaries were having to complete extra forms tacked on by the insurers in addition to the standard message for-

Mr Jancaitis reasoned that if insurers were unwilling to use standard mes-sage formats, the answer was to give them electronic replicas of their paper

The problem was the technology. Conventional data processing tech-niques were ruled out. It could take weeks to write the program to create the screen image of a single form and even then it would not be perfect. So

culations needed to sustain this feat of

Mycock says that system benefits significantly from the fact that it is uses Microsoft's "Windows" software, a technique for handling separate operations in separate areas of the screen. Information can be pulled into the document for a variety of sources

- quotations systems, client databases

The insurance broker, of course, sees nothing of all this complexity. The document appears in a flash on the screen and can be filled in just like the paper

A hard copy of the final document can be run off on the printer in 20 accords or so (getting the printer to run that fast proved to be one of the

Where real time savings are made is in the preparation of new document images. Mycock says that using con-ventional techniques, it would several weeks to prepare the screen image and program the printer to produce hard copy. Using Formlink methods, a new document can be added to the electronic library in half a day.

video image. The pioneering insurers risked their money in the belief that Mr Jancaitis and his team could crack the problem of combining image processing and data processing at a cost the indus-try could afford both in time and

The result is now ready for initial trials by intermediaries with Boswells of Norwich and Sevenoaks Financial Services taking the role of guinea pigs. Within two months some 50 intermediaries should be putting Formlink through its paces and the commercial version should be ready towards the end of the year. It will be marketed to intermediaries at a cost of between £45 and £70 a month.

An electronic library of insurers' documentation is being created. Stored on magnetic disk, it will replace the 50 or so different sets of paper documenta-tion which each intermediary has to

have on file at present.

Mr Andrew Wellings, marketing manager for the Commercial Union's general business division and spokeman for the Formlink consortium, argues that establishing a common electronic network is crucial for the insurance business. Costs can be cut and individual insurers compete through the quality of service they are prepared to offer their intermediarles once a level playing field has been

His views are given substance by a major survey* carried out by Fame Computers in conjunction with Busi-

It showed clearly that brokers want standard forms for obtaining quota-tions end for processing policies, claims applications and proposals. "Assist in addressing this unmet need," the authors of the survey advised insurers, "and your intermediaries will credit you to a statistically significant

degree".

** A Study of Independent Brokers and Intermediaries, Business Insights Incorporated, 1987.

STARS guide to beyond 1992

Hazel Duffy on a new database for companies

THE SINGLE European market may present an admirable trading opportunity for British business.

But 1992 - although all about removing barriers - will bring with it new, harmonised regulations which companies will need to be ware of, at the same time as

keeping up with changes in domestic regulations. The European Policies Research Centre at Strathchyde University has developed a database, STARS, designed to help companies through the

The Centre is already well known for its monitoring of Government support for busi-ness, and the incentives offered by European govern-ments and institutions to busi-ness in their regions.

The new database has three

main constituents. It concentrates initially on providing information on UK regulations which affect the day-to-day running of a company, and the regulations that must be complied with for setting up a

company. Current coverage extends to 130 regulations. It includes information, for instance, on how to register a new trademark, company incorporation, articles of association, annual returns, duties of directors, employment contracts, and the latest employers' requirements in relation to national insur-

When a company has to make staff redundant, information can be obtained on the consultation procedures and redundancy payments. Second, the database guides companies to 360 sources of advisory, financial and other

services, from government and Government support services in areas like exporting, marketing and finance are an

increasingly important part of policy – the difficulty for busy companies is knowing where to get the advice. The problem is the difficulty keeping up with developments as new services are added and old ones changed. Once the information is received, the explanatory material may not

be very clear. For businesses that do not have specialist

departments - and even for

those that do - it can be very frustrating to piece together what is available and from where. More than one government department is usually involved as well as various

Professor Kevin Allen, direc-

tor of the Centre at Strath-

clyde, believes that the value of STARS is that it provides an overview of regulations and services in related areas of interest. Names, addresses, and telephone numbers are listed where more detailed information can be obtained. Examples of entries include area development organisations, sources of loan and equity finance, industrial training boards, research and

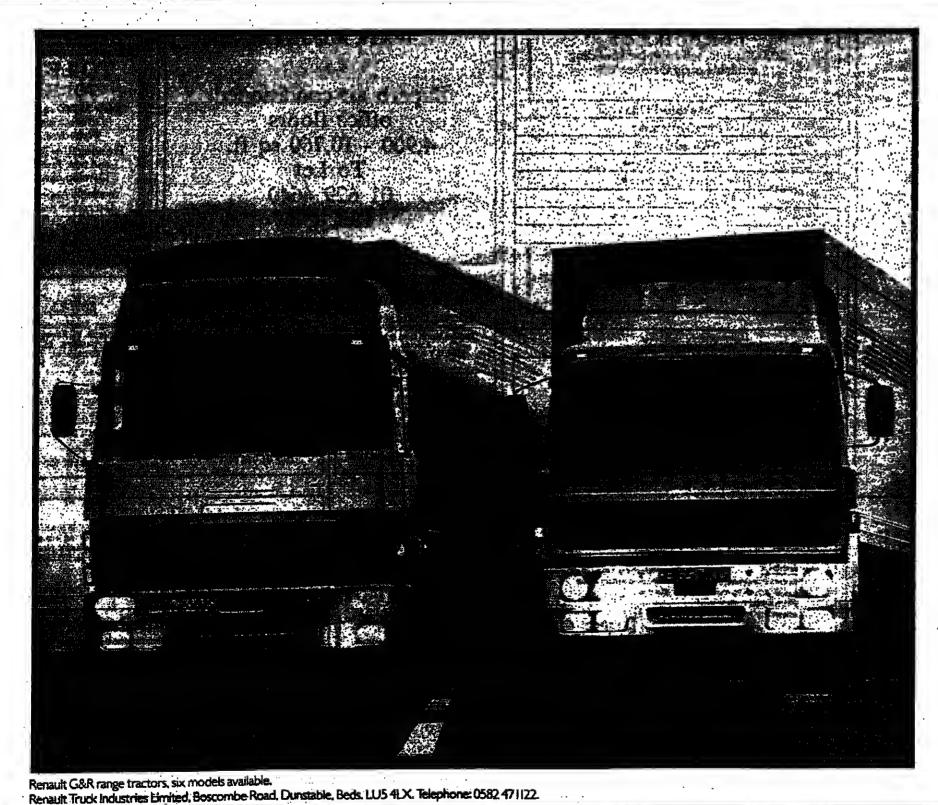
innovation centres, science parks, industrial trade associa-tions, sources of marketing advice, and services related to particular sectors such as engineering, textiles, tourism,

energy. Third, the database provides a newsfile which reports on recent and forthcoming changes. Entries range from modifications in existing regu-lations to the introduction of new legislation. For instance, information on regulations will be updated constantly as Brussels tackles the complex area of harmonising company

The system is divided and sub-divided into sectors, pro-viding easy access to the myriad of regulations in areas like health and safety, consumer law, planning and environ-mental controls, which form the framework in which business must operate.

The experience of the Cen-tre's earlier databases suggests that STARS will be invaluable to intermediaries in the business world as well as individual companies - chambers of commerce. lawyers, consultants, employers' associations, enterprise agencies, banks, local authorities all need to be in touch with this sort of information to offer a full service, but they are unlikely to want to devote resources to doing the job in house.

More information on STARS is available from the European Policies Research Centre, Livingstone Tower, 26 Richmond Street, Glasgow G1 1XH. (Tel 041-5524400.)



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RENAULT TRUCKS. BUILDING A FUTURE TOGETHER.

DEBENHAM Tewson and Chinnocks has been making use of the new freedoms granted by the Boyal Institution of Chartered Surveyors when in 1988 it removes barriers to its member firms' seeking outside capital. In the months after listing it bought Chesahire Gibson, the Midlands surveying practice, using its facil-ity to issue new shares. Debenham Towson itself had taken a listing in May

For DTC, as for other surveyors, infu-sions of equity capital opened the way for expansion at a time when competitive pressures had set off a realignment in the profession. Medium-sized companies especially found themselves squeezed between the giants of the profession and the smaller companies which developed specialised niches.

Thus there has been a spate of mergers involving both quoted and unquoted sur-

veyors - for instance the establishment of Lumbert Smith Hampton as a nationwide chain under the financial segis of Abaco. Such moves have been the counterpart on the commercial side to the takeover on the residential side of estate agents by

on the resultant size of estate agents by banks and building societies.

On the commercial side, though, the deregulation of the City of London has brought surveyors face to face with the capital markets for the first time. As

banks and investing institutions devel oped their own property arms, the exclusive nature of the chartered surveying business began to crode.

The response has been for chartered surveyors to establish their own finan-cial arms, the better to meet this threat. Some have hired merchant benkers, others have set up financial subsidiaries, others, like de Morgan have merged with property finance companies.

Lobbying

From the horse's mouth

Hazel Duffy passes on some ministerial hints to businessmen

and well-briefled; they are human, they are politicians, they are amateurs, and they are never wrong." According to Michael Heseltine, the former Conserva-tive Cabinet minister, it is essentiel for businessmen to bear these points in mind when preparing to meet a government minister. Heseltine, in his former Cabi-

net roles, used to be on the receiving end of plenty of heavy lobbying. Last mouth the audience at the first conference staged by the Confederation of British Industry to help trade associations make "effective rep-resentation" to government was keen to pick up clues from the other side

It was noticeable that the CRI it was noticeable that the CHI carefully avoided using the word "hobbying". In return; its audience was rewarded with little tips from the horse's mouth. It helps to have well-known allies when applying pressure to ministers, said Heseltine. "Then you can say when you meet the minister," I bumped into so-and-so last night, and he wondered how you would be dealing with this ques-tion at our meeting... If you have not got friends like these, try the backbenchers."

backbenchers."

Heseltine's audience enjoyed stories about the National Farmers' Union — an enviably effective lobbying body, at least in the former minister's view — which could turn "a romble into a revolution by getting the lads behind them over the weekend."

When he was asked after his speech how a meeting with the minister could be secured, the guestioner was told "through

questioner was told "through your MP". Ministers hardly ever refuse, he was assured. His ques-tioner looked sceptical. The second speaker from the

receiving side was Sir Brian Hayes, permanent secretary, Department of Trade and Industry. He suggested that meetings with the minister should be the exception. It was better first to: cultivate the civil servant responble for the particular sector of

Not, he meaned to and, civil servents as high up the ladder as himself, but the principals and assistant secretaries. The higher grades have "functions that are more generalised — they are per-haps closer to the politicians than the facts." Sir Brian wanted to assure his

suffience that the changes in the trial policy. He also put over were less effective than the organisation of the DIL which another favourite of his, that straightforward approach by followed the arrival of Lord industry could speak with a businessmen themselves.

not changed the role of the Department as business's "floor to Whitehall".

Nor is this government less national level, instead of each to receptive, he thought, than previous of industry, although the voice of industry, although the CBI had suggested this was the case in organizing the conference.

Governments, he said, had more power to do harm than as good. Trade associations have a more important "negative" role in stopping government than asking for things from politicians.

Knowing your contact point at the DTI is the first requirement.

The audience seemed confused by the new organisation and not afford to concentrate their love in the conference of a booklet designating contact points" — in the old days, the points to the Suropean confused to by the new organisation and not being re-activated suddenly and taken through rapidly. He said to businessmen could not afford to make the straight for the conference of a booklet designating contact points" — in the old days, the points to the Suropean confused to the admitting that Whitehall did not make it easy. There is still "a rather opeque gauges" between points.

policy making. ing This provided Heseltine with a con-

Young as Secretary of State, have much stronger voice if the chamnot changed the role of the bers of commerce concentrated Department as business's "floor on the grass roots organisation, to Whitehall".

not make it easy. There is still "a countries was making the same

not make it easy. There is still "a rather opaque gauze" between Whitehall and iministry, he said.

Heseltine saw it differently. He put the blame on industry, which he believed had singularly failed to make its views known to politicate debate interests, and made so little impact on the political debate mill now.

When the Conservative Party was in opposition, it was the small businessmen, the "toffee shop proprietors", who worked most on the party, and influenced policy making.

Countries was making the same points.

Some of the advice on how to organise lobbying was obvious. "Get things down on paper — civil servants love paper," said Sir Brian; then the meeting can get down to business. Do not go to government with a request that clearly does not fit in with ever straightforward, such advice on how to organise lobbying was obvious.

Sir Brian; then the meeting can get down to business. Do not go to government with a request that clearly does not fit in with ever straightforward, such advice on how to organise lobbying was obvious.

Sir Brian; then the meeting can get down to business. Do not go to government with a request that clearly does not fit in with ever straightforward, such advice on how to organise lobbying was obvious.

Sir Brian; then the meeting set down to business. Do not go to government with a request that clearly does not fit in with its expressed policies. But, however straightforward, such advice on how to organise lobbying was obvious.

Sir Brian; then the meeting set down to business. Do not go to government with a request way into his pet theme that professionals from the inside Britain needs some sort of industrial policy. He also needs to track however the source of the sou ing is too time consui track, however, was that they were less effective than the



nocks chose incorporation and a and said 'Go ahead and run the full market listing as its best business' and they said by infer-situation. Each side was disparorganisational response to the ence 'II' we don't like it, we'll call aging the other. There was dancompetitive pressures that are a partners' meeting and turn it ger of two cultures being established to the detriment of the over'.

and investment management to

ated its own organisational prob-lems, the resolution of which had to come through an evolving but sharp change in traditional work-ing practices and ownership. Like other professional services com-panies, Debenham Tewson used to be a partnership.

The diversity of services cre-lar technical sense some part-ners became subordinate to oth-ers. But, asserts Turnbull: "We don't look at it that way. There are some people who are extremely valuable in the market place, bringing in valuable busi-ness.

"There are the stars of our busi-

"When I first became a partner
20 years ago," recalls Anthony
Turnbull, now the managing
director. "I was Number Fourteen, and there were really 14

Turnbull to the stars of our business. It is perfectly clear they
shouldn't be takeo off that function and put on the job of running the company. It is more

separate practices. We were like GPs – doing a bit of everything."

The partners would meet once a month; areas of responsibility were delegated to committees. But, Turpbull concedes, "in the chartered surveying husiness. It is done by individuals, offering streams of a derictor making. terms of a decision-making forum, a partnership of between 25 and 30 is utterly and com-

pletely hopeless."

The first key step towards a corporate structure and listing was the setting up of an executive committee in 1980. The part-

DEBENHAM Tewson and Chin-nocks chose incorporation and a and said 'Go ahead and run the "It was a bit of a two nations

competitive pressures that are changing the once coay world of those chartered surveyors specialising in commercial property.

The company is the largest of the quoted chartered surveyors, although it has stopped using the term, preferring to be known as "international property consultants".

What this seeks to convey is that the company is involved not only in the buying and selling of property but in the full gamut of property services from portfolio and property services from portfoli

orthodox corporate management and provided the structure for the market listing that eventually took place in July 1987.

In a technical sense some part-

specialist services although sometimes, it is true, they work as a team. But they will only work as a team if organised to do work as a team if organised to do
so. One of the great problems of a
business like Debenham Tewson
is bringing specialisms together.

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"One of the areas where we

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This would include those on the agency side and those dealing with, say, valuation. The valua-tico specialists were thus brought closer to what was happening in the market, so making sharper the advice they could offer clients

On top of these specialist groups, Debenham Tewson set up operational groupings, covering ncy, consultancy, investment, ment and overseas.

These groupings meet once a month to discuss general matters what their agency boards look like, clieots' expenses and so.
 And they act as think tanks. These meetings are not confined to the old partners, now some of the major shareholders, but to the salaried associates as well.

The third tier in the Debenham ness promotion committee which seeks to link together the opera-

was the setting up of an executive committee in 1980. The partnership deed was never changed, so individual partners "still held thought we were not sufficiently so individual partners "still held thought we were not sufficiently as in agency and the ultimate sanction of objecting general practice," says Turnbull. As it happened, "people didn't interfere greatly although they threatened the veto. We had to be aware of the political currents in the partnership," explains Turnbull, and tenderal practice, and the partnership, explains Turnbull, and development, planning, and development, planning, and development is bringing specialisms together.

"One of the areas where we seeks to link together the operation committee which seeks to link together the operation committee which the project. Then an eclectic team will be chosen from across the specialist groups in the company feared the project. Then an eclectic team will be chosen from across the specialist groups in the company.

"It used to be seen as bad for two partners to be on the same job. Now it is usual to have two directors or even up to eight," partners to inject funds into the bridgether.

But the key element in the technical form across the specialist groups in the company.

"It used to be seen as bad for two partners to be on the same job. Now it is usual to have two directors or even up to eight," partners to inject funds into the bridgether.

As greenfield site on which a development, planning, and developer might want to put up a



major shopping centre brings having individual partners doing into play agency, for the acquisi-individual things. For years we tion of land and the lessing of saw the advantages of centraliscompleted space, planning, for ing, of having the ability to the negotiation and winning of impose uniform standards and the necessary consents, invest- controls, of having the ability to ment, for the organisation of inance, building surveying for the quality control of the buildings themselves, and so on.

"You have to compete for now constructive rather than a control of the buildings themselves, and so on.

"You have to compete for now constructive rather than a control of the buildings themselves, and so on.

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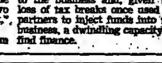
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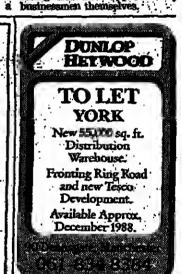
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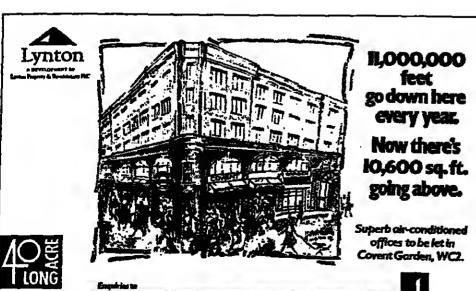
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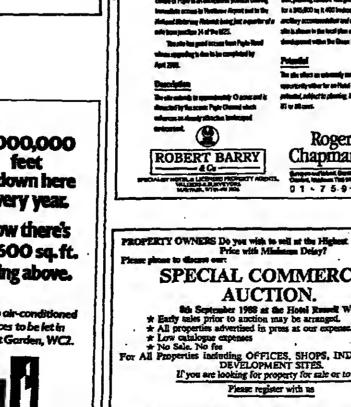
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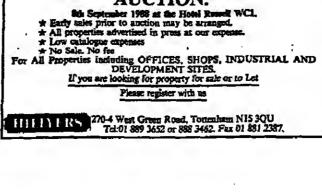
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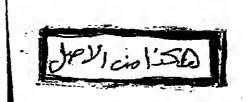
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SPECIAL COMMERCIAL

AUCTION.



The boat comes in for

THE MANCHESTER Ship Canal Company created com-mercial opportunities for others a century ago by giving Manchester an outlet to the sea. Now it is trying to create opportunities for itself with the land it has on either side of the

Canal.

The company is emerging as one of the biggest property developers in the region. By luck or judgment it has the timing right especially for the landholdings close to Manchester. The market is turning. Where there was duliness two years ago, now there is demand for space.

years ago, new there is demand for space.

The key factor for Hermann Jungmays, the property director, is the take-up rate. He believes Munchester could take an extra hm square feet of office space. "How much can you put on the market without undermining rents?" he asked.

Two years ago the question would have been different. "how do you design and build for the rent to cover the cost?" He suggested that now the level of demand is not price-constrained. "The real question is what is the depth of the demand? and I don't think anybody knows the answer."

This confidence as a property developer is the new face of MSCC, which has the historic and statutory role of keeping.

and statutory role of keeping open the Ship Canal and oper-ating the docks in Manchester. But it also springs out of the bitter takeover by Highams last year in a £37m bid and the Manchester

By Paul Cheeseright

subsequent re-definition of the company's relationship with the Manchester City Council. Highams is a private company controlled by Mr John Whittaker, who also controls Peel Holdings, the retail and industrial property group. The attraction of MSCC for Mr Whittaker was the landholdings. Once he had wen control he sought immediately to maximise his new assets.

In the first place that meant negotiating independence from the Manchester City Council. This was done by buying back debt from the City Council and establishing with it a joint venture property company. This new company has identified three sites on City Council land where mixed commercial and residential developments might

residential developments might take place.

For Mr Jungmayr the change in ownership of MSCC has brought three radical changes:

* a commitment to keep the port operations open, including those, on the upper reaches of the Ship Canal at the Manchester end;

* the decision to develop and

manage property in-house rather than delegate it all outside the office;

MSCC to finance an identified development for np to 12 months. This is being done through overdrafts or finance specific to a project without the need to enter elaborate funding agreements with bank-

place are adequate for modest projects, but other arrangements would have to be made for major proposals, if they should obtain consents, like the Trafford Centre shopping and leisure project on the east-ern edge of Manchester.

or a mixture of both, in and around the Trafford Park
Development Corporation area and the Enterprise Zone east of

Marchester.

Mr Jungmayr noted that
MSCC was doing its project
appraisals on the basis of rents
of 22 a square foot in the Enterprise Zone and 27 a square foot
outside. These are conservative ounsine. These are conservative figures given the growing strength of the Manchester office market. He is emphatic that the yield from a fully let property has to exceed the cost of money.

But these are early days. The

But these are early days. The value of MSCC's land and buildings, at the end of 1987 was £30.5m, the same as at the end of 1986. By the end of this year, it should be possible to see how successful is the com-pany in raising its asset value.

Manchester Ship Canal

Manchester Ship Canal

Land Holdings

ON THE banks of the Ship Canal,

In the immediate future the easiest developments for MSCC to undertake will probably be office and industrial projects.

ing small chunks of land, a quar-ter of an acre here and there, to ter of an acre here and there, to round off its sites.

The priorities for development are at the western end, concentrated on the Trafford Park Development Corporation area and the Enterprise Zone within it. This is where the market demand is strongest and the existence of the Enterprise Zone urovides a convenient tax shelprovides a convenient tax shel-

But MSCC is also aware of the political push behind develop-ment in these Government designated areas and is conscious of the fact that if it does not use its land, it could lose it. The Development Corporation has the power to take land over.

sion at the end of the year.

Also within the Development Corporation area, plans are evolving for 500,000 square feet of office space and a start is being made with a 70,000 square feet building in a joint venture with G.R. Morris.

In the longer run there could be a leisure scheme around the docks on the uppermost reaches

In the area around Manchester
then, the higgest MSCC plan is
for a £150m shopping and leisure
centre on 300 acres in the Development Corporation area south
of the Ship Canal. It is by no
means clear it will go shead. It is
ome of a series of proposals for
major shopping centres around
Manchester currently being considered by the Environment
Department after public
enquirles. There could be a decisilon at the end of the year.

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based on old warehouses.
On the Salford side of the Ship
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On the Salford side of the Ship
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construction area south
of the Ship Canal. It is behind the
privatising port of Boston in Lincolnshire, about a new docks
operation.

Further east still, at Arpley,
between Runcorn and Warrington, MSCC has a controversial
the Cheshire County Council.
The two are involved in a company with Highland Partelepants, which is behind the
privatising port of Boston in Lincolnshire, about a new docks
operation.

Further east s On the Salford side of the Ship
Canal there could be a further
large development providing
750,000 square feet of space, of
which two thirds would be
offices. But the rate at which
offices would be developed will
depend upon assessments of the
market take-up and nothing is
likely to happen without some
element of pre-letting.
To the east of Salford there is
Weaste Quarry, about which
there has been vague talk,
although not from MSCC, about
an Olympic Stadium.
As the Ship Canal winds eastward it passes Irlam where both
MSCC and the Development Corporation hold land. They are

Are you looking for new offices in the City?

* the decision of the Whit-taker interests not to take any dividends and that means most resources are channelled back

Mr Jungmayr himself is also the property director of Peel, so the evolution of MSCC finances will embrace the same philoso-

phy: that is short term develop-ment finance will eventually be

ment finance will eventually be switched into long term fixed interest debt. Peal has been engaged in this process, launching a series of debentures. "But you need a parcel of good quality projects to do it," said Mr. Jungmayr. "As we develop and the assets grow we will try and fix long term money against them."

in that search for "good qual-ity projects", Peel has advan-tages. In the first place its land-holdings are in place, in the form of equity: they are not generating debt. Second, the new owners of MSCC inherited

some developments which provide a rent roll of about £3m a year and this is ungeared.

MSCC in short has some

cash flow. The only thing we have to fund is the actual con-

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Left: This is the new team at Edward Erdman in one of the Cornhill meeting rooms.

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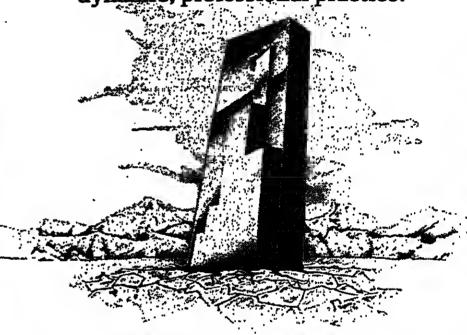
Above: At Edward Erdman there's little time to gaze out of the window. But when we do, here's the view.

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The Royal Academy Summer Exhibition. The 220th Summer Exhibition in an unbroken sequence, and still in an unbroken sequence, and still the largest open exhibition of cur-rent painting, sculpture, prints and architecture in the world. With 1,261 arcimecture in the word, with 1,261 exhibits, the show is a little smaller than usual, but as dense and bizarre as ever with many good things to be discovered, a gratifyingly large number supplied by the Academicians themselves. Daily until August 7

Galérie Odermati-Cazean. Guillaumin's deep blue of the Mediterranean, framed by green pine trees and orange earth, entices the passer-by into an eclectic exhibition of some 50 works by the masters of the 19th and 20th centuries. A monumental 1937 wooden sculpture by Zadkin watches, totemlike, over a

The Hayward Gallery. (Two exhibitions). Angry Panguins is a fascinating study of a group of young painters active in Melbourne during and just after the Second World War. Sydney Nolan, Arthur Boyd, John Perceval and Albert Tucker are all shown in impressive depth. Also: paintings from the Phillips Collection in Washington. Its scope extends from the 18th century to the present day, from El Greco, through

extends from the 18th century to the present day, from El Greco, through Goya and ingres to Francis Bacon; the collection is still not closed. Its great strength is nevertheless in impressionism and Post-Impressionism and Post-Impressionism and Picasso, Bonnard and Matises. Both heave were well America.

Both shows run until August 14. British Museum. Ukiyoe – Images

Unknown Japan. This large exhi-tion of exquisite quality brings

Unknown Japin. This large ethibi-tion of exquisite quality brings to us, through the work of the greatest masters of the wood-block print, the magical "Floating World" of ples-sure and the senses that was the city of Edo (modern Tokyo) in the time of the Shoguns – from the 1600s until the 1860s, when Japan

was closed to the outside world.
Until August 14.
National Portrait Gallery. Peologzi
Portraits. A small but intriguing

show of a body of recent work on a subject that has fascinated the Scot-tish sculptor, Eduardo Paolozzi, throughout his long international

LONDON

Colliseum. London Festival Ballet with Swam Lake and an interesting set of triple bills. (836 3161).

PARIS

Paris Opera (Palais Garnier). Pier Luigi's production of Norma, concomments of the production of Norma, concomments of the production of Norma, concomments of the production of Norma, concomments of Norma, concomm

TOKYO

Macheth (Verdi), with Shirley Verrett, Justino Diaz and the Fujiwara Opera Company, conducted by Michelangelo Veltri and directed by Michelangelo Veltri and directed by Paolo Trevisi. Tokyo Bunka Kaikan (Mon. Wed, Thurs). (371 5384). Radiyattam: Classical Dance Drams of India. Laforet Museum, Akasaka (Mon). (461 0933).
Zephyre. World première revival of an opera bullet by Rayneau, conducted

opera ballet by Rameau, conducted by Jean-Claude Malgioire with the Baroque Orchestra of the Tokyo Summer Festival. Produced by Francois Rafilnot. Shinjuku Bunka

representation of a sested woman by Picasso, a pastel of two dancers by Degas, and another by Gaughin, showing two boys fighting. Monet is there with a Giverny landscape, and an unusually structured Bonnard projects a colourful view of Saint-Tropez. 85 his Rue Fanbourg Saint-Honore (42.65.92.53). Ends July 30.

Grand Palais. Le Japonisme. 400 exhibits bear witness to the enthusiasm which swept the Western art world for all things Japanese in the second half of the 19th century. Monet decorated his house - even Monet decorated his house - even his doors - in Giverny with Japanese prints and built a Japanese bridge in its gardens. Van Goch collected Japanese woodcuts and represented them in his paintings. Closed The (42.56.09.24). Ends August 15. Centre Georges Pompidou. The Pfities, taking over Beaubourg for three months from the ground floor upwards. The postwar creative dynamism of the Fifties is represented by cars, comics, music, cinema, literature, industrial creation and - on the fifth floor - by visual arts. The great figures of Matisse and - on the fifth floor - by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white: monochromes by Yves Klein and Montana close it. There are statuses by Giacometti, mobiles by Caider, and lyrical abstraction by Hartung and De Kooning. While contrasting the School of Paris with the School of New York, the artifitition emails.

of New York, the exhibition equally draws attention to some of their parallel developments. (42.77.12.33). Closed Tue. Ends Oct 17. Musée d'Orsay. Two exhibitions celebrate, side by side, the golden age of photography. One covers the period from 1889 to 1915 with 200 photographs and names like Falix Nadar, Eugene Atget, Lewis Carroll and Pierre Bonnard. The other pays homage to Gustava le Gray

THEATRE

(1820-1882), whose visionary repre-sentations of the sea and the sales and poetical portraits combined with the perfection of his craftsmanwin the perfection of his transmar-ality to keep photography in the domaine of art – his lifelong ambi-tion. (45.49.48.14). Both exhibitions closed Mont end Aug 14. Institut du Monde Arabe. Holy Places in Saudi Arabia. Magnificent archi-tectural models of the Kashe h-

tectural models of the Kasha in Mecca and its black brocade well Mecca and its discr drocade will with verses from the Korean emirmi-dered in gold, and of the Prophet's great mosque in Medina, provide the non-Moslem with a realistic image of the shrines of Islamic pil-gringer, to which he or she has normally no access. Manuscripts, works by the traveller Richard Bor-ton and 17th concern. Turkish

ABSTRACE, Tropenmuseum. The arts and crafts of indonesia, illustrated with more than 500 objects in bronze, bumboo, tertiles and procious metals spanning 2,000 years of cultural history. Ends Angust 21. Amsterdam, Rijksmuseum (rear entrance). Divine Branzes (some no more than 5cm high) illustrate the stylistic development of indo-favance religious images from the 7th to the 16th centuries. Ends July 31.

LONDON

Too Clever By Helf (Old Vic). A firsting Gogolian production by Richard Jones of Ostrovsky's Diary of a Scoundrel in an old Rodney Ackiand version, with remarkable Expressionist designs by Richard Hudson and a brilliant central performance by newcomer Alex Jennings. Until August 13. (928 7615, credit card bookings 261 1821).

Cymbeline, The Winter's Tale and The Tempest (Cottesloe). Peter Hall's National Theatre farswall productions return to the Cottesloe for July before opening at the Oliver Theatre in August. Michael Brysnt's tetchy Prospero, Geraldine James's adventurous lungen and Tony Haygarth's sweaty Caliban are the pick of some uneven performances. (828 2252, credit cards 379 and London chance for flawed Simon Gray comedy about Cambridge graduates in love and publishing. Take-over cast incindes James Wilhy and Patrick Barlow. (862 2294, credit cards 240 9661).

Ray Virtue (Garrick). Transfer of Times than Ray Pever, but worth seeing (379 6107).

Somin Pacific (Prince of Wales). Average, traditional revival of the greet Recipies and Hammerstein minical, with Gemma Craven failing to weath the bartonal Emile Belcourt out of the hard productions return to the Cottesloe for July before opening at the Oliver Theatre in August. Michael Brysnt's tetchy Prospero, Geraldine James Willy and Patrick Barlow. (879 6107).

Somin Pacific (Prince of Wales). Average, traditional revival of the greet Recipies and Hammerstein minical, with Gemma Craven failing to weath the bartonal Emile Belcourt out of the hard principle of the greet Recipies (1998). Speciacular, emotionally nourishing new minical by Mike Ockrent, of Sondheim's 1971 musical in which

are mainly goods from everyday life. The show is a joint project between the Coming Museum of Giass, New York, the British Museum, London. ainly goods from everyday life. and the Rowisch-Germanisches Berlin, Schiob Charlettenburg, Grobe

Berliu, Schlob Charlottenhung, Grobe Crangerie. Tressures from the Topcapt Seral! - Suleyman the Pempcapt Seral! - Suleyman the Pempcapt Seral! - Suleyman the Pempcapt Sultan Suleman (1550-156). However, one of the most important
pieces is a sword studded with gold
and diamonds belonging to Sultan
Mahmud I, made in the first half of
the 18th century. The exhibition

the non-Moslem with a realistic image of the shrines of Islamic pfigurage, to which he or she has normally no access. Manuscripts, works by the traveller Richard Borton and 17th century Turkish censmics complete the exhibition. 23 Qual Saint-Bernard (46.34.25.25.) 1 pan till 8 pm, closed Mon. Ends Sept 18.

NETHERIANDS

Amstardam, Tropenmuseum. The arts and crafts of indonesia, illustrated with more than 500 objects in brouze, bumboo, tartiles und procious metals spanning 2,000 years of cultural history. Ends Angust 21.

Amstardam, Rijksmuseum (rear entrance), Divine Brannes (some no more than 5cm high) flustrate the etylistic development of Indo-Savanese religious images from the 7th to the 18th centuries. Ends July 31.

WEST GERMANY

Cologna, Romisch-Germanisches Museum. Casear's Gless. This subtition is the most important display

ITALY Venice, Paiszer Grassi. The Phoeni-cians. The fourth major exhibition at Fiat's imposing art cantre on the Grand Canal attemps to give a complete picture of this summerdinary people, who dominated trade in the Mediterranean for over 1,500 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect the Anienti Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs ruom, model ships stand immobile to a rippling extificial lake, and a luge polystyrical wave enguls a Procriden week, Many of the 1,300 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, brouns and reliefs in terracotta, brouns and the 750 page entalogue, published by Boundard, is excellent. Until Nov 6.

Bonne, Palazzo hat Conservator. Proca Plannello to the Birth of the Capitaline Museum, or classical art or the evel of the Renelmance. An enquisite exhibition of drawings, coins, filturinated manuscripts and soulptures Strius IV gave to Roma as the nucleus of the future Capitaline Museum. Ends July 24.

VIENNA Messepalast. Imago Mexiko. A rich, exatic collection of Mexican art, photographs and graphics from 1909 photographs and graphs to 1980. Rods July 31.

SWITZERLAND

Martiguy. The Gisnadda Foundation is showing the second part of tree-sures on loss from the Sac Panio Museum. Entitled Prom Manet to Picasso, it is especially rich in Remeirs, from society portain and little girls to frothy lace and pink and blue satin, to a fleshy nude.

Van Gogh, too, is well represented with his famous Arlesiantie and landscapes with termented street. There is Caranne's portrait of his wife, a Tabiti scene by Gauguin, sarry Piceseox and Manel's Marie Lafebrie, riding side saddle all chad in black and looking as settective as Bormard's appealing radio or Degas' beliet denotes. (2003). Ends New 4.

NEW YORK

NEW YORK

American Craft Research. An ambilious show that braces the history of
American architecture back to the
term of the cantury and emphasises
the work of artists like Tiffeny.
Lewrie and Louise Newsken who
were commissioned to add art in the
architecture. Ends Sept 4.
Pierpest Morgan Library. Over 300
liens from the life and art of Rectrix Potter show the evolution of the
artist and her work. Included are
the illustrated letter, discovered
only months ago, to Nool Moore
that become the basis of Peter Rabbit and the softhe sequence of 31
watercolours from The Tailor of
Gloncuster, lent by the Tete Gallary.
Ends Aug 31.

CHICAGO

CHECAGO

Art Institute. Photographs by Josef
Sadek. Using his native Pragme as
the background, this avani-gards
photographer, who died in 1978, captured the lyrical quality of the
Casch people and the country's
hessiful landscapes. Ends Sopt 5.
Art Institute. More than 50 Dutch and
Fismish 17th contury masterphotos
from the Hermitiags in Leningrad
hick off a collaborative effort among
several impor American and Soviet
museums with works by Rambrandt, Rubens, van Dyck and
Frans Hela, Ends Sopt 16.

WASISHOTON

The second section of the second section is a second second section of the second seco

MARPHAGYON

Instinumal Guillery. More their all inputers from a superb little little contrary collections of bismish's Also Principles (collection of bismish's Also Principles), but had pointlined by Rubbana. Responsedt, Trian, fill Greek state Van Dyck Rude Soph & National Guillery (East Wing). For mark the Inches annexistation of the first Swedish colory in bloom Associate, the substitution covers four Boardish monarchies in the 18th and 17th constitution and shows Swedish and 17th constitution and shows Swedish at a realisablement and supersource whether power through objects sind 18th power through objects sind 18th power through objects sind 18th Treasury, the National Swedish such the royal collections. Each Supil E.

Takpa National Ministen. Von Siebeld and Japan. Special exhibition of Japanese art and artificia from the Netherlands Ministen, of Ribectopy. Japanese art and granged areas to be Neitherlands himseling; collected by the planear of Japanese studies in Encode, Philipp Prangers and Sabold. Ven Chebrish was the physician of the tiny Datch settlement of Definia in Nagasaki between 1923 and 1888, when the rest of Japan was util closed in furnity and Japan was util closed in furnity and other huma that because the patients, he scopped the art works and other huma that because the bush of this important collection. Closed Mancheys, Ends July 31.
Takyo Metrupolitas Manesum, Paris — the City and its People, Phutographs by Algat and Cartier-Hwe-son, mainly from the 1900, displayed in one of the lovelism art does buildings in the world. Exits July 28.

Electr Museums. A pictorial diary and other world by the early 18th cantury master of the Unique wood-block prints. Utagewa kiroshiga.

nobe, with its magical quick changes, ecrobatics, and a citmastic

OPERA AND BALLET

tic tragedy. It alternates with a production of Faust by Jorge Lavelli in which, against a metal and glass background, Faust and Mephisto become two facets of a dual personality. (47.42.57.50).

AMSTERDAM Lyons Opers Ballet in Cendrillon (Marin/Prokofiev). Muziektheater (Tue to Thur). (255 455).

New York City Ballet. A week of per-formances of Sigmund Romberg's

ning of a 20-week season that includes new productions of Rigo-letto, Il Barbiere di Siviglia and the world première of Jay Reige's Ras-putin. State Theatre, Lincoln Center (400 pecu)

a Goyaesque 19th century Spanish slave colony. Miranda Richardson and the black De Flores of George

poisoned marriages nearly under-mine an old buriesque reunion in a documed theatre. (379 5399). Hapgood (Aktwych). New Tom Stoppart unives espinnage, remaince and ingher physics. Felicity Kendal is the eponymous intelligence agent. Roger Bees and Nigal Hawthorne in elegant support. (836 5404, credit cards 379 6233).

NEW YORK

The Man Who Mistock His Wife For A Hat (Alice Tully Hall), Michael Nyman's chember opera, which has drawn enthusiastic crowds since its American première last year, kicks of the three-week Serious Fun festival (Chro) (85 1911) wal (Thur) (362 1911)

Tences (46th Street). Angust Wilson hits a home-run with a tale of an old haseball player raising a family in an industrial city in the 1960s, trying to improve their lot but dogged by his own fallings. (221 1211). Cais (Winter Garden). Still a self-out, Trevor Nunn's production of T.S. Eliot's children's postry set to music is visually startling and characogra-phically feline, (238 6262).

A Chorus Line (Shubert). The longestruming musical to the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as suditions rather than emotions. (238 6300).

Les Misérables (Broadway). Led by Colm Wilkinson, repeating his West End role as Jean Vallean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings in Broadway lessons in pegenntry and drama. (238 6200). He and My Ghri (Marquis). Even it the plot turns on inosic mimicry of Pygnalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit. (847 0033).

WASHINGTON

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lify Tomitz repeats her award win-ning solo performance of the crary people who inhabit her funny and strange imagination. One major seg-ment explores the women's move-

CAPITAL & LIABILITIES

ment over the past decade. Ends Ang 7, (254 3670). Les Misécubles (Reninsdy Center Opera House). The touring company of the international left of last sea-son brings in Washington the life, torical sweep of Victor Rago, set to music and an insistent contempo-zary best. Ends Oct 15, (264 3770)

CHICAGO

Pal Josy (Goodman). Set in Chicago in the 1960s, this Rodgers and Hart classic, directed by Robert Palls, fol-lows in haunting molddies the esca-padors of a classic heel caught between the one who loves him and the rich lady he wants. Ends Aug 7.

TOKYO

Music

Kabuki (Kabuki-m). The kabuki theatre's greatest showman, Ichikawa'
Eunosulte, stars in a complete version of one of the most famous plays
in the kabuki repartoirs, Yoshinama
Sembonzakura (The Thousand
Cherry Trees). The play is little
more than a series of loosely linked
spisodes. Act VII features Ennosake's portrayal of the fox, Tada-

LONDON

Incoronacione di Popues by Montev-erdi, with London City Opera and City of London Baroque Sintonia directed by Richard Hickon, Christ Church, Spitalificide (Mon and Wed), (286 5066).

(286 5060).

Exhaura of the Age of Knlightenment, conducted by Ivan Flanker
with Timothy Brown flored, Blosart.
Goldantith's Hall, Foster Lane

nohu, with its magical quick changes, acrobatics, and a diseasing figing ords. (Sci 3151).

Operate no Estin, better known as The Phantom of the Opera (Nised Theatre). Japan's leading musical company, Shik, acquits itself well in what is a virtual carbon copy of the London original. The Japanese translation is often awkward, but Andrew Lloyd-Webber's grit for musical pestiche, Harold Prince's rousentically evocative staging and Maria Biomeon's stunning sets and costumes make for an empyable evening, (203 311).

Les Musicables (Imperial Theatre). This stirring musical adaptation of Victor Hugo's novel of the Paris barricades, has returned in Tokyo for apother four-month run. (201 777).

The Malarabhata (Girus Salson Theatre). The great Indian spic, drimatized by Sean-Claude Carrière and staged (in English) by Peter Brook and his international troups of actors from Paris, in three paris, performed either on successive evenings or on a single day. Full of eather-ling images of carth, fire and water, but not without its language.

Ends July 27, (636 0665).

Johason, accompanied by Patricis Sage (Wed), Pedro Ignacio Calderon conducting Rachmaninov's plane conducting Rachmaninov's plane conducting Rachmaninov's plane conducting works by Petrashka and three diances from Estancia by Ginasieta (Thur), 654 1944).

Rosse, Villa Medici, Gregorz Nowak conducting works by three modern halian composers Luigi Nono, Gincomo Manacci and Gisudio Ambrosio, (Thos).

Rosse, Chiesa di San Luigi dei Francosi, Vespri Solendi, a reconstruction of 17th century works (Thur), (31,80,85).

Goldsmith's Hall, Power (Mon), (286 5086).

Dartington Plano Trio, Haydn, Clara Schumonn and Brahms, 10 Triodly Ravenne (Exvenue Postival), Loggetta Square, EC3 (Mon), (286 3880).

The Chamber Middle English (1866).

art. Schubert, Line: and Besides.

The Chamber Middle English (1866).

The Chamber Middle English (18

Schleswig Holstein. This summer's festival has been extended to 175 concerts in 29 different venues. World class musicious will be performing in small villages from the island of Syit in the north to Wotersen in the south, as well as in Manburg and Luneburg. There will be 18 master classes with Slegfried Lorenz, Hainrich Schiff, Elisabeth Leonskaje, Sechar Bron, Nina Dorline and Low Maumow, among different classes and Low Maumow, among different classes and Low Maumow, among different contracts.

Leonskaja, Sachar Bron, Nina Dorlisc and Lew Maumow, among officers, to Lubeck's music school.

The festival's orchestra, trained by Leonard Bernstein and Sergin Celibedache, will then go on a concert four of West Germany. Highlights are the Festival Orchestra, conducted by Leonard Bernstein and Sergin Calibidache and Christoph Eschenbach; Guiseppe Sinopoli and the Philharmonic, and Iona Brown conducting the Academy of St. Martin-in-the-Fielda, Soloists include Gidon Kremer, Salomo Mintz, Heinrich Schiff, Hermann Frey and Peter Schreier. Schleswig Holstein Festival, Postfach 3840, 2800 Rief, West Germany. (0481 81070).

Charms, conducted by Einrt Sander, ing. Brahms German Bequiem, St. Mostly Mostra Cachadral (Wed), 1265 5086.
Aquanius, conducted by Nicholan Cachadral (Wed), 1265 5080.
Aquanius, conducted by Nicholan Cachadral (Wed), 1265 5080.
Aquanius, conducted by Nicholan Cachadra, conducted by Gerard Schwarz with James Galway and Eugenia Zhiserman (Gutes). Falls and Gerhard (Thur). Queen Edizabeth Hall (226 3191).

WEST GERMANY

WEST GERMANY

Philip Moil and Jeffrey Kahane (pianos), Besthoven, Schubert, Monart (Thur), Avery Fisher Hall, Lincoln Canter (874 2424).

Jass in July, A formight long festival begins with Dick Hyman's Perfect Quinter playing Gerahwin (Ther). The Duke's Descendants and guest artists play Duke Effington (Thur). (Kaufmann Hall), (266 1100).

Satori Quintat. Wind emembla playing Danzi, Malcolm Arnold, Debussy. Free concert at IBM Atrium, 58th & Madison (Wed 12.50 mat).

N 44

TOKYO

NETHERLANDS

Amsterdam, Concertpebouw (Rectial Hall). Youloo Shiokawa, violin end Andras Schiff plane (Moon); Fine Arts Quartet (Wed).

Amsterdam, Mieuwe Kerk (Dans Square). Beaund Winsenius, organ: Van Noordt, Blow, Purcell (Mon). The Consort of Musicks: Porter, Lawes, Locke, Humfrey, Blow (Thur).

ITALY

Rome, Pissra del Campidoglio, Mezzo soprano Barbara Conrad singing Handel, Brahms, Falla and Hall

TOKYO

Stimus Symphony Orninestra, conditional Japanese Bushk: Elusic of the Edo Period. Dalabota. Sense Hall: Templa. Assknin, Osca. Span). (980).

Maxim Vengusov (violin). Mounet, Beethoven, Chausson, Debuasy. Sontory Hall (Moon). (235 1861).

(Thur).

Chamber Music by Japanese Control of Chausson, Debuasy. Sontory Hall (Moon). (235 1861).

Chamber Music by Japanese Control of Chausson, Debuasy. Sontory Hall (Moon). (235 1861).

Chamber Music by Japanese Control of Musicks. Chausson, Debuasy. Sontory Hall (Moon). (235 1861).

Chamber Music Debuasy. Sontory Hall (Moon). (235 1861).

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ASSETS CASH FUNDS (Note - 3)
Cash in Hand
Statutory Deposits with Sauci Arabian 598,195,402 1,017,994,347 1.812.474.750 1,819,040,916 Monetary Agency Other Deposits with Saudi 2142,128,556 1,717,286,197 4,127,956,349 4.979,163,819 DEPOSITS WITH BANKS 345,575,017 812,179,484 26,601,843,153 23,804,574,518 24,150,149,535 27,214,022,637 (INVESTMENTS (Note - 4) Shares and Securities in Saudi Arabia Abroadi 7116,574,898 7,530,998,379 9,097,426,323 LOANS AND ADVANCES (Less Provision) (Note 5-6-7) Private Sector Banks 22,536,250,420 Others Bills Purchased and Discounted 25,335,358,558 FOXED ASSETS Bank Promises Red Estates (Notes - 8) Furniture, Fixtures and 2,023,356,203 2.020,896,200 135,300,048 2,158,656,248 421,653,366 654,353,793 1,186,035,429 Outstanding Acceptances Other Assets 888,562,240 1,310,215,606 63,702,444,734 1,840,389,222

Letters of Credit and Other Obligations **AUDITOR'S REPORT**

We have examined the answed Balance Sheet of THE NATIONAL COMMERCIAL BANK (A JONT LIABILITY PARTNERS-EP), as at 30th 201-18(a), 1407 (24th Algust, 1967), the Profit real Loss Account for the year ended on that date and the head office and branches in Saud Arabia audited by us and with the returns such tests of the Head office and branches in Saud Arabia audited by us and with the returns attended by the management of other branches. Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary. We have obtained the information and explanations which we considered necessary for the purpose of our audit. Our audit included reference to reports of other external auditors concerning their audit of the accounts of cartain oversess branches.

We refer to note 6 to the financial statements, regarding the withdrawing pertners and note 7 regarding non-compliance with the provisions of Banking Control Law in respect of certain forms and advances granted to clients, partners, related perties to pertners and direc-Except for the effect of matters reterned to in note 5 to the financial statements regarding the provision for loan losses; in our opinion, the Balance Sheet, the Profit and Loss Account, and the notes thereon present fairly the state of the Bank's affairs as at 30th 2ul-Hight, 1407H (24th August, 1987), and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles and as shown by the records of the Bank.

ISSA EL AYOUTY & CO. (36) ACCOUNTANTS & AUDITORS

ISMAIL A. EL HABBAK (15)

41,955,897,395 112,581,015,202

JEDDAH: 9th May, 1988 23rd Rameden, 1406H.

CONTRA ACCOUNTS
Customers Dablities under Guerantees

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH ZUL-HIJJAH, 1407H (24TH AUGUST, 1987)

	1407H, S. Rie.	1406H, 5. Ris.
INCOME Foreign Exchange Transactions and Other Services	3,891,449,110	4,187,908,249
Income from Investments and Real Estates	773,766,655	381,335,499
Total Income	4,665,215.765	4,569,240,748
EXPENSES Salaries and Other Staff Expenses Director's Fees, Remuneration etc. Service Charges Provision for Depreciation of Fixed Assets Other Provisions Other Expenses Donations and Contributions Rotal Expenses	618,576,125 2,738,857,239 78,739,889 922,237,233 260,811,331 47,433,948 4,686,215,765	2,597,850 2,597,603,136 81,499,935 835,885,436 306,250,007 51,237,105 4,489,263,537
NET PROFIT FOR THE YEAR		79,977,217

1406H 5. Füe. CAPITAL RESERVES Stability Reserve Other Reserves Surplus on Revelutation of 30,725,133 32,774,867 32,774,857 46,095,605 46,006,005 Properties Surplus on Revelution of 31,877,341 3,369,774,267 3,369,660,660 TOTAL CAPITAL AND RESERVES DEPOSITS
Customers', Current, Time, and Saving Deposits Deposits from Berris: In Seudi Arabis 46,039,182,513 50.262.354.356 2,523,850,840 8,136,148,356 4,649,913,143 8,218,362,072 1,482,233,894 1.A37,357,293 58,236,538,902 Sundry Deposits 64,612,893,265 BORROWINGS. From Banks: in Saudi Arabia Abroad From Others 750,000,000 750,000,000 Notes issued (Note - 9) 750,000,000 750,000,000 PROFIT AND LOSS ACCOUNT
Balance Brought forward
Add: Not profit for the year 1407H 377,878 80,354,895 80,354,896 79,977,277 80,354,895 OTHER LIABILITIES
Acceptances Outsts
Other Liabilities 421 653 356 654,353,793 1,327,415,853 1,961,789,646 70,625,017,806 GUETAMACCOUNTS
GUETAMORE, Letters of Credit and
Other Obligations 27,755,918,594 41.955,997,395 91,458,363,328 112,581,016,202

The accompanying noise 1 to 10 form an integral part of these financial statement SALIM AHMED BIN MAHPOUZ GENERAL MANAGER

NOTES TO THE FINANCIAL STATEMENTS 30TH ZUL-HIJJAH, 1407H (24TH AUGUST, 1987) GENERAL
The National Commercial Bank is a joint liability paramenth satablished in Saudi Arabia in accordance with registration certificate No. 48 approved by Proyal Decree dated 28/7/1369H and as per the deed No. 788 dated 5/9/1369H liaqued by the Notary Public of Meldosh Al Mckarament, as well as per a certificate issued by the Mrister of Finance on 19/9/1370H (24/6/1951) as amended, and registered by the Notary Public of Meldosh Al Mckarament on 8/8/1374 granting a license to carry out banking operations within and outside the Kingdom of Saudi Arabia.

Notary Public of Meldesh Ai Moleareman on B/B/1574 granting a scence to carry our carrying operations weren and outside the Inspection of Sauth Arabia.

SIGNIFICANT ACCOUNTING POLICIES

a) General: The ben't holious the generally accepted accounting principles as well as the regulations issued by the Saudi Arabian Monetary Agency and Bending Control Law.

b) Accounting commention: The thrancial statements are prepared under the historical cost convention.

c) Concellidation: The financial statements comprise the figures of all branches of the benk inside and guided the Kingdom. The Accounts of the branches in Saudi Arabia have been audited by the external auditors of the brank. The accounts of the branches abroad which are not colorativous with the brank's accounts have been included in these financial statements according to the audited accounts as at the beliance sheet date or returns prepared, and submitted by branches.

d) Foreign currenches: Assets and liabilities denominated in foreign currencies are translated in Saudi Riyels at the rates of exchange prevailing at the betters as sheet date. Foreign currency transactions are converted into Saudi Riyels at the rates of exchange prevailing at the time of the transactions. The resulting gains or losses are taken to the prait and loss account.

Quistanding forward exchange contracts are valued at the market rates applicable to their respective materials are account eventy over the period of the transactions.

Outstanding forward exchange contracts are valued at the market rates applicable to their respective maturities at the balance sheet and the resulting gains or losses are taken to the profit and loss account. Profits and losses on away deals are account events over the period of the transactions.

a) Investments: Unisted investments are taken at cost with provision being made for any permanent diminution in value whenever necessary, except for certain local investments which were revalued in 1385t-1.

f) Attrivitable securities: The investment profolio is stated at cost, whenes the trading portiolio is valued at the market value. Realized and unrealized gains or losses are taken to the profit and loss account.

g) Phad assets: Fored assets are stated at cost, except for certain land and buildings revelued in 1385t-1. Pre-hold land is not depreciated—other float assets are depreciated using the stagnit-him method over the estimated useful fires of the assets.

f) Provisions for loan losses: The management of the Bank reviews the loans and advances in each branch. Additions to the provision has been made for amounts payable to the extent deemed adequate by the management.

J. Cash funds include product metals (Gold and Siver) stated at the market value on the balance sheet date.

Investments include amounts of S. Ris. 1718 mition of investments torwhich the title base yet to be transferred to the name of the bank.

Provision for item losses: The management of the benk has carried out.—this yet?—an overall valuation of the loans and advances, in the light of the substantial decline which occurred in the values of the seeds held by the benk as accurrity against these loans and advances, in the light of the substantial decline which occurred in the values of the bank as security against these loans and advances, in the light of the substantial decline which occurred in the values of the bank is seed the fat the provision for loan losses.

Pursuent to Article 15 of the company's (the Bank) constitution deed and as pe

nentroned law. Bank Premises and other Real Estate" include real estate and land with a net book value of S. Ris. 852.6 million owned by the bunk as a result of

Teams Premises and other Real Estate" include real estate and land with a net book value of S. Ris. 862,8 million owned by the bank as a result of
systements of client's accounts.
 Notes besued: Represent notes issued by the National Commercial Bank during the year 1405H with a nominativature of U.S. \$200 million, in the
denominations of USS 10,000 and USS 250,000, due 1994. Pursuant to the terms and conditions of the Notes, the bank have redeemed all the
Notes on 3rd Jamed Awai 1408H (23rd December, 1987).
 Contra Accounts: Contra accounts represent various commitments and contingent Babilities to exand credit facilities and forward foreign
exchange contracts. In the opinion of management there are no material unusual risks represented by these commitments and contingent
liabilities.

Cinema/Nigel Andrews

Confused love life of a DIY movie maker

Fred Dekker Police Academy 5: Assignment

Sherman's March is the best comedy in town. Flungoers suf-fering laugh starvation after see-ing Woody Allen's September should march straight down from the Odeon Haymarket to the ICA Ross McElwee's feature debut, this notion that love was possified grants and fellowships, is a joy, Two and a half hours long, it is part documentary, part diary, part shaggy dog story. McElwee produced the film, photographed typole and snoke the narration. wrote and spoke the narration. He also stars in it. If pushed further by budgetary stress on chaphile zeal, one has no doubt he would also have manufactured

The movie starts out as a documentary about General Sherman's earth-scorching, civilianslaughtering march from Atlanta to the sea, which sealed the North's victory over the South in the American Civil War. But it soon turns into a gigantic digres-sion. Subtitled "A Meditation on the Possibility of Romantic Love in the South during an Era of Nuclear Weapons Proliferation take a breath half way
 through - it becomes a road
 movie through history studded with signs marked "diversion." Constantly veering away from his set subject, McElwee spends most of the movie telling us about his own inchoate love life. anout his own incheate love life. One accident prone encounter follows another: with aspiring film star Pat, who likes to do kneebend exercises and does not wear underwear; with interior designer Claudia. Who has a hypoch of the content of three hours in London's more and deserved last year's Cannes land, skip the unspeakable Crocodile Dundee 2: go and see instead a truly funny film about a naive late of Chekhov stories, including adventurer adrift in the storms of life. Claudia who has a bunch of nutty curvivalist friends; with Wini, a linguist living on a near-desert island; with Mormonite nightclub singer Deedee, nuclear protester Jackie, rock guitarist Joy and ex-high-school sweet-

McElwee's film is a giant joke about film-making itself. The cinible, for once becomes both vidble and palpable. With camera on

Sherman's March directed by mechanical parret, McElwee Ross McElwee

Dark Eyes directed by Nikita or allows the camera its tell-tale Mikhalkov

The Pointsman directed by Jos scuffles in crowds or snatches stelling

Stelling

Stelling

Friends:

The Pointsman directed by Jos scuffles in crowds or snatches kisses when leaving or greeting friends:

the lens either play up to it, like the lens either play up to it, like pantie-less. Pat, or scream at pantie-less. Pat, or scream at making friend. Turn it off!" says his irrepressible match-making friend Charleen, busy trying to introduce him to sky in town. Flimgours sufglaugh starvation after see. Woody Allen's September lid march straight down from idean Haymarket to the KA.

McElwee's feature debut, tay ("For a long time I've had

own love life, by the attacks on his amour-propre from his own Southern family ("You could look a lot more neat and pleasin to the eye"); and by the sense that the film-maker's control over his destiny is as shaky as his control over the ramshackle MG - Roci-name to his Quixote - which keeps breaking down under him

mainstream cinema: the rifts between art and life, fiction and non-fiction; between oracular public fable and nervous personal

The rest of the week consists of frail craft likely to sink at the first spot of rain. The only semisprightly vessel is Nikita Mikhal-kov's Dark Eyes. The Soviet director of Slave For Love and



Ross McElwee, begetter of "Sherman's March"

seems to be due in the next cen-

tury, she settles into a chastely weird menage à deux with the

pointsman-stationmaster (Jim

Indeed the trail of chaos McKi. Time: late 19th century. He falls snowbound stop in the midst of sters, pointsmen and wacky wee leaves in his wake is a Sherin love with a married Russian nowhere. Since the next train police cadets. Review next week. man's march translated into movie our lens-addicted hero is complaining, "My life has fallen becomes as giddily and mistakinto the crack between my real self and my film." The movie gleently explores the seams and fissures usually mortared over hy mainstraten cinemas the rife rather than an ageing immunity. rather than an ageing inamorato trailing after his new love.

Mastroianni, the only actor who can be debonatr and downproduce an amiable blend of trag-icomic period moods. Minor: but stuffed with charming oddments just like your grandma's acrap-book.

The Pointsman, shot in Scotland by Dutch director Jos Stelling, is more like your grandma's coal cellar. This dim, cobwebbed

Clumping ont at us in this Clumping ont at us in this spoof horror lark are Dracula, Frankenstein's monster, Wolfman, the Mummy and the Creature from the Black Lagoon. They all gang up to encroach on a Gramiins-style small town where a Stand By Mastyle band of youngsters stand and fight. It shows that a film does not need a shows that a film does not need a number at the end of its title to be a dismaying and certifiable rip-off. Speaking of which, we have Police Academy 5. The long-running cop saga here pants into Miami, where no amount of awaiting oxygen cylinders can help revive it. Once again trou-sers fall, jepes are played and actors mug and wump. The live-stock of the Everglades – what have they done to deserve it? antics in speedboats and airboats.

With all this midsummer drivel around, Britain's distributors have the nerve to shove Paul Schrader's Light Of Day, starring Michael J. Fox and Gena Rowlands, into a couple of outlying London cinemas this week without a Press show. Reason: the film was panned in America. But even a bad Schrader film has to be an improvement on our current silly season choice of mon-

Finally, a warm and disbelieving welcome to Channel 4's "Movie Masterclass" series. Can it be Van Der Woude). A sinister post-man, an old engineer and a cinema has at last hit the airman, an old engineer and a chema has at last hit the airdefrosted engine-driver also pass through. And on hand are rats, beetles, shotguns, jars of redcurrant jam and a photo on the wall of Mr Der Woude's mother (personated by Mr Der Woude himself in a wig and fox-fur).

The grantly matters that the

It scarcely matters that the This is precisely the sort of railway station that Lord Beechstandard is uneven. Mamoun Hassan comes top with a sharp-eyed look at The Seven Samurai, Jack Gold is good if dour on The Battle Of Algiers, ing had the good sense to close down 30-odd years ago. Here its mildewed dottiness seems an apt image for the movie itself a tired old surreal caprice, sired as if hy 1960s-era Polanski out of Ghost Train-era British comedy.

However, even The Pointsman to use it that often, could he not seems majestic when set beside tell us exactly what he means by the week's two US commercial that he heen set rolling that a image for the movie itself: a tired Oblomov here goes to Italy to make his first film made (mostly) outside the USSE. Marcello Mastroianni, scattering ageless comic charms, plays a failed architect married to Silvana Mangano; fier) accidentally de-trains at a cipic the audience might have woken up to this noble vocation.

The Man of Mode/Swan

Michael Coveney

attractions of an unseen heiress

her RSC debut production in the of the play's subtitle is Sir Fopl-Swan at Stratford-upon-Avon, ing Francophile buffoon and pre-has disappointingly little to add cursor of Vanbrugh's less inter-to this received wisdom. Terry esting Lord Foppington. But the Hands's 1971 Aldwych revival put the play back on the agenda. It now sits in the Swan repertoire, much of its glorious, silken prose carelessly articulated, as a worthy but far less compulsive com-The play's tensions derive from a triple thrust on Dorimant's panion to Wycherley's The Plain

Two years separate these plays in the middle 1670s. But whereas Wycherley anatomises a craven, commercial social scene through the experiences of a War veteran and implicated moraliser, Manly, Etherege monitors a familiar Court-based gavotte of sexual intrigue and deceit with the incisive and tolerant contempt of a favoured diarist. It remains a masterpiece, but a less astonish-

masterpiece, but a less astonishing one than Wycherley's.

We have all known for decades that this genre goes deeper than ribbons and frippery. So it is no surprise that the designer, Ultz, chooses to deny us views of Hyde Park and the Mall, coffee houses and bachelor lodgings and, more to the point, all mirrors and glasses endemic to the Narcissistic imagers. When Sir Fonling. tic imagery. When Sir Fopling Flutter declares that "In a glass, a man may entertain himself" he

George Etherege's The Man of domly gouged out of the gloom to from a lack of intellectual and Mode is one of the finest of Restoration comedies. Garry Hynes, in the emotions. The man of mode one-track minded termagant, much given to stomping up and down. Joe Melia makes of Old Bellair yet another of his tireesting Lord Foppington. But the some, mock-arthritic Mr real man of mode is surely the Punches, while his son's remark-chief character, Dorimant, generably beld to be a close sketch of the attitudes is played by Mark Etherege's fellow royally-approved rake, the Earl of Roches-farm.

This leaves the coast pretty clear for Simon Russell Beale's part. He wants to ditch the three and a half act build-up by revengeful widow Loveit (Marie Mullen); to pursue the advantage of the standing stock etill and described the standing stock etill standing Mullen); to pursue the adventure of a masked flirtation with Loverit's confidence Belinda (Katy entrance, thereafter marred by incompetent blocking which obscured a full third of his perfor-

Harriet (Amanda Root). Miles mance from my eager gaze.

Anderson reacts to all three challenges with as much pezazz as a white ruffs are aesthetically chaldoped spaniel. He walks through lenged by this preening fashion the role as if it might have started without him. Which, of course, it has.

Miss Root's Harriet is left to fixed glazed stares of momentary panic and incomprehension.

At dead of night, fading into dawn, Sir Fopling joins the revellers in his after-hours Brandenbel - on quite the wrong note of burg ("It serves to wrap me up aggressive defiance. There is no after the fatigue of a ball"). He sense of educative transformation, and the marriage in Hampsong in the style of Lully with consummate grace, expert phras-ing and delicate musicianship. At a man may emertain numsen me
expresses the wistful longing of a
man without scenery.

Instead, the action unfolds on a
stark black box punctuated with
burning peep-holes, craters ran
The revival suffers generally

Industry dun, experiment.

This effect may coincide with a this moment, he suggests that affectation is more than skin deep. A hrilliant young actor play is more complex than that.

The revival suffers generally

Dorimant wilts.

The Royal Baccarat Scandal/Chichester

shire will prove a forlorn, and probably dull, experiment.

Martin Hoyle

Because he owned racehorses and slept with actresses, Edward VII has come down as a popular monarch, with the posthumous accolade of a lightweight televi-sion serial about him, His private correspondence reveals a lecher, a money-grubber, and, unusually for royalty, a snob. He lacked his mother's professional dedication and the shrewdly judged middle-class appeal of his son, George V. The Tranby Croft affair pro-

voked him to contemptuous reflections on the mentality of the British populace, prompted perhaps by his appearance in the witness-box in a case concerning slander and illegal gambling. As heir to the throne (the date was 1890) Tum-Tum had been present. Following his naming in a messy divorce some years before, the new scandal saw his reputation touch rock-bottom.

A gallant officer had signed a virtual confession of cheating on condition that all would be hushed up. Word got around; he was forced to sue. Royce Ryton's new play fills in the background. Sir William is hounded by a Green of an upwardly mobile commercial family. The adulterous Ethel is forced to testify against her lover for fear of los-ing her children. He loses his action; but did he cheat? Was it a

frame-up? Are we still awake? Based on a book by Edward Grayson and Michael Havers, former Attorney General, the play might work on radio, but is obstinately untheatrical - even with

explaining a life of ostracism to his grown-np daughter (Jackie Smith-Wood, who deserves better) and by the daughter herself, who asks the right questions ("But you lost! In heaven's name, why?") and takes over the story,



Fiona Fullerton and Keith Michell

that courtroom . . .") in to The dialogue vacillates eye." between the dully factual and the nately untheatrical — even with the benefit of a climactic courtcase with 19 people on stage. (Actors sometimes count the bouse in moments of boredom. There are times when critics count the cast.)

The story is told in flashback, narrated by both the old William, explaining a life of ostracism to the content of the co

some acknowledged by the audience, as when the line, "I could easily divorce you, but, as I hope to go into politics, that is out of the question," got a hearty laugh. The unhappily married couple when her lather is involved in exchange abuse, as they keep up terday." It seemed the past. ("He was no longer appearances - "In my dia- me, too, for 2 hours.

aware of me . . . He was back in monds!" she haughtily exclaims in tones that imply "In a pig's

> Fiona Fullerton looks and sounds like a starlet of the sort I thought no longer existed. Gary Bond shouts passionately, as if trying to blot out the rest of the

Keith Michell's Sir William clenches fists, raises his arms, and conjures up a long-departed style of acting under the guid-ance of Val May, who directs as if manipulating waxworks. To you it was yesterday," intones his daughter. "It will always be yes-terday." It seemed like that to

David Murray

La traviata/Glyndebourne



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very affecting.

The Edwards attack is of a interesting idea; everything else with. Pediconi's, and convinces, and it is exciting to equally keen and searching. Here hear Verdi's orchestra given its reading of the last-act Prelude as full dramatic voice.

Impassioned instead of frailly has been and points. Great trouble has been taken with the men's wigs, which confirm the impression of public-school yahoos, naster than the customary salon possurs.

Walter MacNeil repeats his upstanding, plausibly romantic Alfredo, stylish and wielding well-studied Italian. Germont west-studied stands. Germont pare is Timothy Noble, who made only a mellifluously bland Boccanegra two years ago but is much more comfortable with this simpler father — for he plays him as a warm, decent, blinkered old buffer, remorseful at the end without really having understood anything. It works well enough, and the voice is genuinely

The small supporting roles are in good hands, and they enjoy the characterful touches Hall has bestowed on them. Flora's party is a thoroughly louche affair (excellent for showing what Violetta is coming back to), and violectal is coming tack to, and the "Spanish interlude" – usu-ally tedious – is a ripe brew of maison prioce indecency and deathly premonitions. The Glyndebourne chorus is maximally alert at all points. Great trouble has been taken with the men's

Ken Noda/Wigmore Hall

Andrew Clements

The pivots of Ken Noda's pro-hension,

bright and forward yet rather of delivering them with might be programme began and which seemed thoroughly unsettled and lacking in poise or direction.

The finale had also to survive some unexpected rhetorical pauses, presumably added to give dramatic point, but which succession. A similar lack of variety was

later to characterise the Mozart F major Piano Sonata that combines K.533 and K.494; themes were elegantly, musically, fash-issed on their first appearances but later allowed to larse into mechanical routine, and the shape of each movement then allowed to define itself.

allowed to define itself.

The Brahms sonatz initially berance seemed acquired rather promised better things: a bold.

ness was signalled in the confident address of the opening bars, and many of the work's turning Rhapsody as pre-eminently a solo points were clearly defined. But the excitaments were isolated, forced undue attention on the and the performance lacked any work's structural coherence and clear thread or sustained common, that is never a good thing

gramme on Wednesday - Noda's consistent emphasis of Brahme's F minor Sonata and the left hand over right gave a original solo-plano version of strange slant to many passages: Gershwin's Rhapsody in Blue - it was odd to hear the bravura implied a big, forthright techscales of the last movement, for
mique, perhaps a certain flamboyinstance, relegated to faint
ance too. Certainly his tone details, particularly from a plaemerged in the Wigmore Hall as mist obviously more than capable
bright and forward yet rather of delivering them with high-pro-

Such accounts seemed odd

from an artist whose biography lists Barenboim and Firkusny as his principal teachers. One wondered if a more convincing extrovert personality would emerge in the Gershwin, but despite the immaculate articulation, the exu-

clear thread or sustained compre- that is never a good thing.

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Saleroom/Antony Thorncroft

Record for Palmer

Savoy was unsold at £85,000. It is regarded as an important early Park Junior when he won the work, drawn in 1802 on the art-ist's first visit to the Alps. Indeed mate of 26,000 bnt medals for it is regarded as his first impres-sion of the mountains that meant so much to him. But there were three extraordi-

nary successes. "The Eastern Gate," which sold for 100 guineas in 1892, made £143,000 yesterday, a record for the artist Samuel Palmer. A Constable sketch of Epsom Downs sold for £77,000, as against a top estimate of only £8,000. It dates from 1806, and the London dealers Hazlett Gooden Fox paid £52,800 for a tiny Bon-ington watercolour of fishing boats at Boulogne which had been estimated at up to £7,000. A view of the Grampians by John Sell Cotman was more in line with its estimate, making £46,200. What is surprising is that there is no record of Cotman ever visiting Scotland. A view of the River Wye towards Chepstow Castle by John Martin sold for £31,900, way above forecast while Colnaghi acquired a Thomas Jones sketch of the villa of Maecenas at Tivioli for £30,800.

memorabilia in its Chester auction rooms to catch the global William III, was within estimate enthusiasts on their way to Muirate enthusiasts on the enthusiasts of the enthus of the enthusiasts of the enthusiasts of the enthusiasts of t

There was a surprise disappointing the field. They spent £209,000, with ment in Sotheby's sale of British only 10 per cent unsold.

The top price was the £14,300 and American collector for paid by an American collector for paid by an American collector for the field. the medal awarded to William Park are extremely rare because he usually refused to accept them if they were not made of gold: he rejected his 1889 Open medal because the metal was not up to

> A very rare book, Historical gassip about golf and golfers, published in Edinburgh in 1863, just about doubled its estimate at £9.240.

in Chester, establishing an euction record price for the oddhall artist Charles Spencelayh. "Market day," which shows one of the old men he liked to portray as images of himself, preparing a few provisions for market, sold

for £36,300, double its estimate. All the publicity about Picass seems to be showing itself in his prices. A pen and ink of 1925 "Two dancers" sold for £59,400 at

Bonhams.
Yesterday's silver sale at Soth eby's had a few problems, with an unsold of almost 17 per cent, high for this sector. A George II The British Open is good for coffee pot by Paul & Lamerie business, at least it is for the was at its low estimate, making saleroom business. Phillips held £22,000, and a silver gilt inkstand. its best ever auction of golfing of the early 18th century by Isaac

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Friday July 15 1988

Fast growth continues

wonderfully good or disturbingly maintaining interest rates at the good. Should the Chancellor of present level or higher still (espethe Exchequer bask in the suncially if there is any weakness in shine of glorious performance or assume that, in the UK at least, a little good weather means that bad weather is around the cor-

Over the month to June 9 1988 seasonally adjusted unemployment fell by 39,000, the reduction over the previous 12 months being 547,000. From its peak just over two years ago memploy. being 547,000. From its peas just over two years ago, unemploy-ment has fallen by just over a deteriorated by only 10 per cent quarter. Even excluding those on government training prochanges). Why should that be worrying? is it not rather desiration that the monte are prepared to government training those on government training pro-grammes the increase in employ-ment was \$23,000 in the year to the end of the first quarter and 848.000 over the previous two years. While a significant part of the improvement is doe to administrative changes, fast economic growth has been the main

These developments reflect the buoyant growth of the economy, also indicated in yesterday's

in the UK is not remarkable. What is remarkable is that the deficit has remained so modest. Precisely tha same is true of earnings. It is remarkable that a decline in unemployment of about a quarter should have been if the Chancellor falls to main-associated — at least, so far — tain a secure lid on inflationary

THE NEWS about the UK econ-omy released yesterday is good. For the moment at least, infla-the question being whether it is tion can be kept under control by the exchange rate) and allowing

> cern. Suppose the current account deficit this year turns out to be as much as £10bn. The net external creditor position of the private sector (including the banking system) would then have able that people are prepared to hold a higher proportion of their wealth within the UK?

Medium term target

So long as monetary policy car contain inflation, no panic action on the fiscal side, still less credit

its obsession with unanimity. The results also confirm that the rulater its medium to institutionalise their power in perpendictivity

The growth of manufacturing out of per contributed directly to ither the increase in employent of the reduction in unempty ment, because of the rapid with of labour productivity, growth of manufacturing, and why the productivity and the savings rate much lower than at the beginning of the 1960s, there is a good case for the Government, which is a growth of manufacturing out of the reduction in unemptyment, because of the rapid with of labour productivity, growth of manufacturing out of interest complete the productivity and the productivity the productivit The growth of manufacturing in the expansion of investment the growth of manufacturing in the economy as a whole less explains why the normal consedependent on skittish external quences of rapid growth for the finance. The Government can external account have been kept raise additional reveous and manageable, so far. The emerging the consequence of the control of simultaneously tackle what is now the most serious distortion in the UK economy through a national tax on the imputed income of owner-occupied hous-

David Gardner discusses the rebuff administered by voters to a self-perpetuating Latin American regime

FOR PERHAPS 10 hours on Wednesday night last week and early the following day, Mexicans thought the unthinkable — that the Institutional Revolutionary Party (PRI) might have been beaten in the most fiercely contested presidential election of its 71 years in power.

At PRI beadquarters, word came that the broad left coalition led by Mr Cusuhtemoc Cardenas had won in Mexico City and its surrounding states — the political heart of the country—as well as sweeping Mr Cardenas's home state of Michoacan. The news flickered in stress-lines of incredulity across the faces of party officials.

The crowd bused in to acclaim the PRI's victor, in the regime's traditional ceremony of historic inevitability, melted into the cold night, even jumping fences after party officials botted the gates of the compound.

The spell was broken by the PRI president, Mr Jorge de la Vega. Flanked, in a classic set-piece of Mexican corporatism, by leaders of the

can corporatism, by leaders of the party's "three sectors" of workers, peas-ants and bureaucrats, he amounced an overwhelming, legal and unobjectiona the current account in to act as a pressure valve.

The current account itself can be treated without too much concern. Suppose the current account deficit this year turns out to be as much as £10bn. The

Mr Selinas's victory, confirmed by official results two days ago after a week long hiatus, looks neither over-whelming nor unobjectionable, and its legality is being bitterly challenged by an opposition determined to resist what it regards as another fixed election. But however imperfectly, the results tell a dramatic tale. They confirm that the post-revolutionary consensus on which the PRI's omnipotence was founded has collapsed, rejected by millions of Mericans who have said no to one-party rule. There is now a right, a left, and a centre to Mexico, all previ-

declared himself Mexico's rightful President elect. Tomorrow he plans to back this up with a nationwide protest centred on a large rally in Mexico City.

The PRI-dominated Federal Electoral Commission on Wednesday night credited Mr Salinas with 50.4 per cent, and Mr Cardenas with 31.1 per cent, pushing the traditional opposition, the right wing National Action Party (PAN), into third place with 17.1 per cent and its highest ever score.

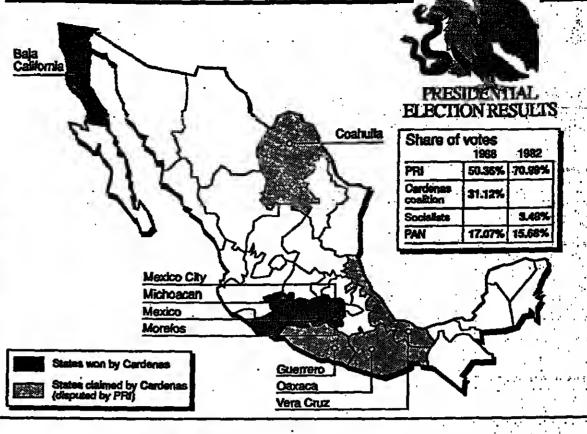
cant and its highest ever score.

The opposition has made historic gains to the two-chamber legislature, which Mr Salinas has promised to invest with real power. As a whole it may get about 200 of the 500 seats in Congress, adding its 51 first-post-the. about a quarter should have been associated — at least, so far — tain a secure lid on inflationary with only a rise from 7% per cent to 8% per cent in the underlying view, the present widespread increase of earnings.

So the "dash for growth" constitutely helpful. Even to the tinues. The fear is, of course, that the UK will end up with an intellection is positively helpful. Even to the though the UK one should not assume that a rainstorm is due next.

Congress, antical control of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the post seats (out of 300) to its share of the two-thirds underly it needs for constitutional reform. Because of their fragmented coalition, the Cardenists will be very under-represented, though by winning whole states, they will lead the opposition's first entry into the Senath, where they may have about six of 64

In an interview as the official results In an interview as the official results were coming through, Mr Salinas told the FT that, on the basis of what he insisted were real votes, "I have a mandate for change." He chose to interpret the votes cast for all parties as a refer-



In Mexico, the mould shatters

endum for reform, within which the FRI, whatever irregularities may have been committed, unquestionably emerged as the largest force.

Looking confident, Mr Salinas argued with earnest magnanimity: "We are at a watershed in Mexican politics, with an enormous opportunity provided by an electorate which has mapped out three roads. This pluratism must be respected and encouraged as the stimulating opportunity it is."

To seize this opportunity for reform, Mr Salinas, the Harvard-trained technocrat, must win important political hat tiles on two fronts. He must convince a

ties on two fronts. He must convince a sceptical public that he really won; and at the same time convince a near-mod-band PRI that its future lies in rebuild

bund PRI that its future lies in rebuilding from the ground up.

Given its history of "alchemy" at the polls, the ruling party faced a credibility problem which Mr Salinas confronted throughout his campaign by calling publicly for clean elections. None the less, the PRI is likely in be regarded as guilty until proved innocent and the Cardenas forces are busily accumulating evidence of cheating which they plan in take to the Electoral Tribunal next month. Tribunal next month.

Electoral frend is notoriously diffi-

cult to prove, particularly now that alchemical technology has been com-puterised, though there are many former PRlistas in the Cardenas coalition in the role of poscher turned game-keeper. Mr Cardenas, himself a product of the system, retains supporters inside the regime, and based his victory claim "above all on entirely credible information from inside the Government." This has set off a flurry of speculation that the Cardenistas may have obtained the computer program(s) through which the PRI vote was allegedly padded.

The official returns show a high number of spoiled ballots in some fiercely contested districts. Though all parties claimed turnout was the highest in Mexican history, half the eligible electorate abstained in the official results, leading to opposition suspicion that, as Mr Cardenas put it, "many of our votes are floating in rivera."

Local party chieftains and trade union barons, used to delivering block votes rather like tribute to Axtec

Millions have said no to one-party rule and the ruling machine is finished in its present form

emperors, show little enthusiasm for competitive politics which threatens their fiels. In the hard school of politics practised in the Gulf state of Veracrus and Pacific state of Guerrero, for instance, the Cardenistas are claiming victory while the local PRI is claiming to have won all seats to Congress and the Senate, as well as the presidential

conest.

The greatest controversy, however, concerns the electoral commission's computer, which "went down" as soon as the first results - from urban areas of opposition strength - started coming in on July 6, allegedly due to "atmospheric" conditions. The long subsequent delay has convinced many observers that software was then used

to inflate PRI tallies to poorly invigi-lated rural areas with a tradition of high abstention.

Mr Salinas's national resjoury is, he underlines, 20 points down on President Miguel de la Madrid's 1982 win, previ-ously the lowest total in the regime's ously the lowest total in the regime's consecutive sequence of wins since 1917. Mr Salinas's sides make clear that the PRI old guard strongly resisted any figure under 50 per cent, and in apparently giving way to them. Mr Salinas may have gone through what has been dubbed "the celling of credibility."

PRI officials say privately the original target was 6-48 per cent, which would have underlined the PRI's transition from what Mr Salinas called a "tractically single party system" to

"practically single party system" to being the largest minority party (which with 2.6m recognised votes out of a 38m electorate it patently is). hrespective of the numbers, the two
main candidates in a sense got the
"wrong" votes. Mr Salinas, with his
carefully elaborated programme to the
Mexico into the world economy and
gently democratise, has a large part of
his constituency in the press-ganged
peasantry and residual corporatist
block vote. Though he polled strongly
in several progression porthers. PAN in several prosperous northern PAN areas which switched to the PRI in

areas which switched to the PRI in order to shut out Cardenas, the votes decisive to the modernisar's win are based on the most backward areas of Mexican society. Mr Cardenas, by contrast, appealing for a return to Mexico's revolutionary roots, got a large vote for democracy and against ansterity from the urban middle and working classes whose emergence is perhaps the PRI regime's single greatest success.

It is also clear that for the first time since the PRI emerged as Mexico's first national party to terms of geographical

spread, Mr Cardenae succeeded whatever the returns say — in linking up an urban and rural constituency, the latter support derived largely from the memory of his father's achievements in agreement the memory of his father's achievements in agreement the support of the second second

the memory of his father's achieve-nients in agrarian reform.

If is not clear that the improvised Candenista coalition, of four parties and 20 regional groups, can harness this potential strength if the immediate ani-mus of the election dims. His actions and views have been blacked out-on; Merican television, which has so his-tantly, slandered him that even the Fed-eral Electoral Commission felt obliged to take court extres His main strengths. to take court action. His main strengtis to take court action. His main strengths are his own conviction that he wan and, partly because of that, Merican perception that he might have won. His credibility far outweighs the PRI's; what remains to be seen is whether this is too much a Merico City-centred view and whether it will translate into mobilisation or subside into resignation.

Mr Cardenas admitted both hypotheses this week: "The Government has brought fremendous discredit on itself," he said. "Anger at this could be diluted with time or it could grow.

inself, he said. Anger at this could grow. These are the two possibilities. But it could grow very fast."
If it does, it will catch Mr Salimas at a disadvantage, The vigour of the opposition challenge forced him to fire the last cartridges of Mexican corporation.

last carridges of Mexican corporation. Through the massive use of the "acarreo" (literally, hanlage), or the rounding up of crowds of people beholden to the PRI/Government for jobs, land, subsidised food and basic services, he created a mirage of mass support, reproduced at huge cost in the media. Even before the election this tactic was backfiring, leading the centre-left daily, La Jornada, to describe it as "alchemy in reverse." These people revenged them selves in a massive swing against their "leaders". Some 20 senior trade union bureancrais, many of them leaders for life, may lose congressional and senate seats, for instance.

These defeats serve Mr Salinas's plant to reform the party. But in the

These defeats serve Mr Salinas's plan to reform the party. But in the short-term it means he has no alternative constituency, and in a crunch would have to fall back on the barons and "dinosaurs," as his group calls them. The latter are behaving more like wounded tigers, and if they persist in trying to salvage their positions at all coats—seven, in some cases, in the point of allying tactically with Mr Cardenas as the powerful oil workers, bureaucracy has done—they could hring the election into further discredit. Mr Salinas faces a bumpy ride before taking office on December 1, both inside his party and outside. At the end of last week he looked groggy, reading from a gro-July 6 script not obviously, resocked to take account of what was happening. By mid-week he had recovered his poise, but advisers concede he will have to move much faster on political reform than he had planned.

A PRI working party had, for instance, come up with tame idees to tinker with the party. Now this group is dominated by Mr. Manuel Camacho, the Engirepment Minister, an authority on Merican corporatism and a likely interior Minister. His brief is to overhead the PRI by champing its name for seven head prove the PRI by champing its name for

haul the structure and even metamor-phose the PRI by changing its name for a

The vague shape of the new reformism was often expressed before July 6 in terms of a sheaking admiration for Mrs Thatcher's sintimion tactics, for Spain's transition to democracy, and for India's Congress I "model" of controlling central government and loang a lew states. All this musing tended-habitually to leave out the democratic. ning of the intellectual argument, common to those experiences. The new line on party reform is not

noticeably more democratic. "Those who stand against us will be trampled," a leading Salimasta at the vehemently. "Those who want to be part of it will be, and those who don't will be kept out."

The training of managers

THE DRIVE to upgrade the edu-cation and training of British managers has taken another step forward this week with the launching of the Management Charter Initiative.
Mr John Banham, director gen-

eral of the Confederation of Brit-ish Industry, and Mr Bob Reid, chairman of Shell UK, are writing to more than 500 companies and public sector organisations, asking them to join the initiative and to subscribe to a fairly tame

The Council for Management Rincation and Development, the body behind the initiative, has moved with admirable speed. It is just over a year since two reports called for rapid action to improve the education of British managers. The council's draft code of practice was drawn up as early

as February.

It is unfortunate, however, that several of the provisions of that draft have been eliminated from the final version. As it now stands the code contains some worthy sentiments, but makes few concrete demands on the companies which decide to put their names to it.

Annual reviews

The code calls on companies to improve leadership and managemeot skills throughout the organisation; to provide managers with support and time off to enable them to pursue learning opportunities; to review progress annually; to set new targets for the organisation and for individual managers; and to publicise both the review and the targets.

Another provision which has been dispensed with is one which required companies to provide their managers with at least 10 days off-the-job training a year.

Those involved in drafting the code defend the dropping of this clause on two, not entirely consistent, grounds. They argue, firstly, that the 10-day provision might frighten off smaller companies who would regard it as too onerous. Their second argument onerous. Their second argument is that specifying a certain number of days of management training might encourage companies to concentrate on quantity rather

Varying targets

The first argument could be dealt with quite easily. The code could make it clear that while 10 days might be more appropriate for larger companies, smaller organisations should set themselves a more product to the columns. selves a more modest target.
As to the second argument, last year's reports made it clear that an over-emphasis on quan-tity is the last thing that British industry has to worry about. The reports said that British managers receive an average of only one day's formal training a year and that the majority of managers receive no training at all. The advantage of the provi-sions in the draft code was that

they would enable managers to insist that their organisations abide by the specific commitments they have made. The final code is too general to be of much Fortunately, those involved in launching the Management Char-ter Initiative have said that the code will be revised if member

Cowdrey fits the mould

Christopher Stuart Cowdrey, named as England's cricket cap-tain yesterday, has all the cap-taincy credentials the English

OBSERVER

and "morality" tend to make one flinch, when over-used. in the properties of the captained in the second of Business Ethics gave a present ing family — his father captained ing family — his father c There was certainly an excess

both the review and the targets.

Gone, however, is the provision in the draft code which stipulated that the review of management code calls on companies to appoint a director or someone of equivalent position to take charge of management development, that is not the same as making the issue a board responsibility.

Also eliminated from the final code is a specific commitment to allow all managers an opportunity to discuss their training needs with their superiors at least once a year.

In the code of the code which stipulated then be the Regish captain for a long while to come, being only 31. Everything is possible. Companies of the this is dear a beard companies feel that this is dear at he revised if member to companies feel that this is dear at head that the code of management development should take place at able.

In the draft code which stipulated that the revised of management code with the provision to take appoint a director or someone of equivalent position to take charge of management development, that is not the same as making the issue a board responsibility.

Deep into ethics

This means that concerned of possible of one form on the final code and on the mode of the fall in the possible of one form of the final code calls on companies will ensure that they companies will ensure that they are substitutively an employment of ethnics and that is not the same as soldier superiors at least once a year.

Also eliminated from the final code is a specific commitment to allow all managers an opportive of the final code is a specific commitment to allow all managers are opported as their voices heard. They would be justified in feeling that the code of practice needs a few hills of the code which stepting for any publication of the final code is a specific commitment to allow all managers are opported on the final code is a specific commitment to allow all managers are opported on the final code is a specific commitment to allow all managers are possible.

This means that concerned the more development of



"I took my Rover car keys to a

As such, the codes might do some good. There is a salutary reminder of codes going too far, however, in Sir Trevor Holdsworth's resignation last week as a non-executive director of the Midland Bank because he did not wish to disclose every share transaction. "Most of us know what we shouldn't be doing," he

Proper chauvinism

May and June were good, the first real summer month, July, has been a wash-out as he readily

"I thought after three poor summers I couldn't lose," he lamented yesterday before remembering that a poor summer would help in fulfil another of his theories - that we are in the midst of a mini-ice age. He said: "These ice ages come

He said: "These ice ages come sround every 180 years and we have been due for one. Four poor summers on the trot would confirm it." Foggitt has not completely written off the summer. Much depends, he says, on the weather today which happens to be St Swiffnin's day. Swithin was the Bishop of Winchester who desperately wanted to be buried in the cathedral when he died. The anthorities thought otherwise and prepared him a plot out-

The anthorities thought otherwise and prepared him a plot outside, but the heavens opened and ruined their plans so the Bishop got his way in the end.

Foggitt quoted the poem: "St Swithin's Day, if thou doest rain, for 40 days it will remain. St Swithin's Day, it shall be fair, for 40 days shall rain no more." In Old English "more" and "fair" more or less rhymed.

Anyone looking for the prospects today, he said, should seek out a yellow goatsbeard flower, known in Thirsk as the "John go to bed at noon" flower because it to bed at noon" flower because it closes its petals by midday. Yesterday he set out for Thirsk at Sam and saw the goatsbeard had

"I took shelter very quickly and it poured down, said Fog-gitt. I thought about going back for my umbrella, but it wouldn't do anything for my reputation if people knew I had been caught

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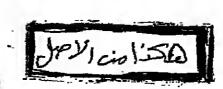
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POLITICS TODAY

What's now left of the right By Joe Rogaly

WASHINGTON This is one reason why federal defi-REAGANISM-THATCHERISM may be cit-reduction made so little headway in

eration of right-wing, social-theory ideologues ("conservatives" in plain American) is drawing to a close. This is true whoever wins the Presidential election in November, although ves-tiges of the hard-core conservative decade are naturally more likely to per-sist for longer if Mr Bush turns out to be the next President than if Mr Dukakis wins.

Britain is so strongly gripped in the ferrour of its Prime Minister's personal crusade that such a denouement may m unthinkable in London. In Wash seem unthinkable in London. In Washington it simply represents a natural swing of the pendulum back to a period of modest confidence in the ability of governments to improve society. The

to social policy, which are becoming increasingly interventionist.

Recording to the Journal Public Opinion, published by the American Enterprise Institute, American opinion is in constant tension between two opposits poles. People want a number of expen-sive services from the government, but they do not want too much done by the government because that curtails choice. (It also means tax increases.) A choice. (It also means tax increases.) A study of a large number of polls over the past few decades confirmed that, towards the end of the 1970s, "Americans' main message to their political leaders was 'slow down'", said Public Opinion a year ago. That feeling helped Mr Reagan to win the Presidency in 1980 and again in 1984. On both occasions he ran against the very idea of government. The swing back began in 1986, by which time, according to Public Opinion's survey of the polls, people had begun to think it was safe to "push just a bit on the throttle."

There is plenty of other evidence to "

support this poll-based view. Mr Rudolf Penner, who was Director of the Congressional Budget Office between 1963 and 1967, vividly remembers the dramatic night in 1965 when there was a 50.56 tie in the them Republican controlled Senate. One senator was brought in on a stretcher to vote. The matter at issue was a deficit reduction matter at issue was a deficit reduction package which went so far as to attack the indexing of social security payments. Vice-President Bush broke the ite. There was a public outbry and President Reagan, who had originally given his support, backed away. The following year the Democrats reminded voters in the mid-term elections of just who had been will not be sixt interiorial. who had been willing to cut into social security. It helped them to a manber of important victories and the capture of the Senate.

going on and ordered on in Britain, but 1966 and 1987, although defence spending in 18 in the way cut here in the United ing has levelled off. The passage in 1985 of the Gramm-Rudman-Hollings Act seemed to promise a programme of of the Gramm-Rudman-Hollings Act seemed to promise a programme of forced reductions. It also put off the most severe cuts until next year, when a new President will be in place. But the Act is already regarded by fiscal conservatives as disappointing. A president, or a spendithrift Congress, can get around it by means of deals and amendments.

around it by means of dears and ameno-ments.

Meanwhile, in President Reagan's final months, all the movement in Con-gress is towards more social spending, either by government, or by business. Congress has put forward a variety of health-care programmes, including one-for sudden, severe ("catastrophic") ill-ness. now based, and another yet to nor sunden, severe ("canssropme") ilness, now passed, and another yet to
come in the form of long-term care.
Democrats, and some Republicans, also
want a higher minimum wage and a
proper pay-off when factories close. A
plan for pre-school care for children of
parents at work will follow. This is not
merely a pre-election beans by the controlling Democrats. It reflects a definite trolling Democrats. It reflects a definite change in the public mood.

Mr George Bush knows as much: he stated early in his campaign that he wished to become the "education Presi-dent" and supported increased spending on schools. In the American system this would be mainly by the states and thus outside the federal budget. On Tuesday he told the NAACP (National Association for Advancement of Coloured People) that he would "dramatically" increase funding for Head Start, a programme founded in the Great Society years of Lyndon Lobrecon to give ety years of Lyndon Johnson to give pre-school educational help to very young disadvantaged children.

There is a strong belief that Mr Bush will run as a Democrat" to catch this mood, just as Mr Dukakis, with his selection of the conservatively-inclined Mr Lloyd Bentsen as his running-mate, is showing signs that he will run as a Republican to keep faith with the other predominant strand of American opin-ion. In short, the centre is beginning to exert its normal pull and that brings American politics somewhere distinctly to the Left of where Mr Reagan took them: After eight years of strongly ideological politicking, the comfortable. familiar old tunes are being played

This is also having an effect on the intellectual battleground. Let me explain. One of the striking features of arplain. One of the striking neatures of the British Conservative Government's social policy has been the strong links of its theorists with American conservative theorists. The Centre for Policy Studies, which gives intellectual expression to Mrs Margaret Thatcher's



gut instincts, has a close association with the Manhattan Institute, a conservative think tank based in New York. The Institute supported one Charles Murray in his work on a book entitled Losing Ground. Published about four years ago, the book took the view that poverty programmes do not work. By and large, if you went along with Murray yon would abolish all such programmes. If you did abolish them, you would actually help the poor more than if you did not. Nobody in London ever thought of going oute so far, but the thought of going quite so far, but the general trend of thinking in Losing Ground was probably helpful to people preparing papers on the reshaping of Britain's income support programmes in the direction of "targetting", "helping people to stand on their own feet" and "reducing dependency".

In the United States there was an initial states the states there was an initial states the states the

initial perception that the Murray book might actually set the agenda for the 1988 election, just as a much earlier book of the opposite persuasion, Mich-ael Harrington's The Other America, helped shape opinion in favour of the Great Society social expenditures of the late 1960's. In the event, Losing Ground. seems to be losing ground. At first it was of much assistance to those who wanted to repeat the argument that

you cannot solve the problems of the poor by throwing money at them. It still has that function in some state legislatures. But, to take one example, Robert Greenstein, director of another, more liberal, think-tank in Washington, who originally spent much worried energy writing rebuttals of Murray, now agrees that the ideas in Losing Ground are no longer on the agenda of

federal politics, let alone setting it.
The interventionist theories are being backed up by new books, like the recent Within Our Reach, by Lisbeth B. Schorr, which describes which on-the-ground policies have been shown to work, particularly among poor children. Politics is also helping: Mr Jesse Jackson may be too far to the Left to achieve office, but his stunning campaign for the nomination of the Democratic Party for President has provided an excellent platform. He has used it to good effect to preach the need to do

something about the poor.

To the visitor the need is obvious.

Since Monday I have been approached by beggars at least a dozen times, in streets around the White House. This did not happen during the Great Society years. Washington residents confirm that it has been a growing phe-nomenon over the past four or five

years. The homeless stretch out on years. The nomeless stretch out on park benches, a different tribe from the beggars. Subsidies for low income housing have been slashed during President Reagan's years in office. The poverty rate has been falling over the past four years, but it is still higher than it was in 1977 and proportionately worse than it has been at this stage in previous economic cycles.

economic cycles.

Perhaps the most outstanding expression of middle-class concern about social policy is the scare over drugs. The polls still show this to be the front-runner among worries, which puzzles political professionals who are accustomed to seeing the economy or memployment at the top of a list of most important problems, particularly at this time in an election year. It just could be that people perceive that if you have fewer and fewer desperately poor the ground may be been fertile for poor, the ground may be less fertile for

drug pushers.
None of this should be interpreted as a return to the Great Society. In those a return to the Great Society are that would ady days programmes that would heady days programmes that would eventually cost many billions of dollars, like Medicare and Medicaid, were regarded as both desirable and possible. During President Nixon's term of office the welfare state expanded, often regardless of the president's wish: social security benefits were increased and then indexed, while programmes for the aged, blind and disabled poor were founded. Most have survived. The budget deficit makes future schemes on such a grandiose scale

schemes on such a grandiose scale impossible without heavy tax increases, and tax increases are being made more difficult by pledges on the hustings. Future programmes will, therefore, be described as "self-funding", as with catdescribed as "self-tunning", as with car-astrophic health insurance, or will place mandatory obligations on compa-nies, as will probably happen with day care for infant children of working mothers. This picture will probably change once again if the arms reduction process ever makes serious inroads into conventional defence expenditure. At that stage the cry would be for a "peace dividend" in the form of more expensive programmes.

Meanwhile the most that can be said,

on the US side, is that the years of automatic rejection of government ini-tiatives or regulatory legislation seem to be over. There are so many profound differences between Britain and America that this change of mood will not translate into a direct or immediate effect on various British Government policies. Against that, I cannot recall any significant new US political, social or economic notion that has not eventually been imported into the UK. Hard as it is in Britain to believe in an eventual swing back from Thatcherism, the pros-pect is quite easy to visualise from here.

See Burn S. S. Carren St. 1924 - Carl Control Control

Lombard

A new deal for motorists

By Michael Prowse

SMUG CONSUMERS in the West-Iron Curtain with pity and condescension. These poor people are seen as the victims of a hope-lessly inefficient economic system. For decades, they have tem. For decades, they have endured empty supermarket shelves, queues for meat, and long waiting lists for "luxuries" such as motor cars. The man in the Communist street grumbles, but probably does not believe such problems can be resolved; the shortages and the lack of

choice are just a fact of life.

In the West, we respond to appalling traffic congestion in exactly the same way. Commuters know that driving into London during the working week will be a nightmare. They expect rush-hour buses to move at walking pace. They know that a bank holiday excursion is likely to be blighted by frustrating traffic jams. They are only too aware that the newly constructed M25 ringroad round London was blocked almost within hours of its opening.

bread queue. Traffic congestion is accepted as just part of life. A solution is not expected. In the aftermath of a particularly spec-tacular jam, ministers mutter about the need for new roads and commission consultants to examina ways of easing traffic flow. But enthusiasm for action soon wanes. And people are left antici-pating still worse congestion in the future. One of the consequences of rapid economic growth is soaring business and private demand for road space. As real incomes rise, households shrink and leisure time expands, the number of car journeys undertaken will steadily

increase.
Western politicians are in no doubt about the cure for queues and shortages in the Communist world. Stop relying on central planning and bureancratic fiat, they say, and let the price mechanism work its market magic. But how many of these zealous free marketeers understand that it is in the capitalist world? For some far too long.

reason, UK motorists are asked ern democracies look down on only to pay lump sum taxes for their counterparts behind the use of roads — such as vehicle excise duty. No effort whatever is made to charge motorists for the marginal cost of using roads, evan though this varies tremendously according to location and time of day. Instead, the emphasis is entirely on bureaucratic solutions, such as one-way systems, bus lanes, traffic-free areas and permits of various kinds.

Suppose the choicest goods Suppose the choicest goods were placed on supermarket shelves only between 8am and 9am and 5pm and 6pm, and that everybody had access to them, for no fee, provided they paid an annual "supermarket levy." A certain "rush hour" congestion might then be expected. This hight then be expected. This subjected with a state of affairs could be slightly mitigated by "bus" lanes for those with particularly large trolleys. But the only sensible solution would be the introduction of pricing for goods as and when bought. Exactly the same holds good for the allocation of road space. The cost of using Yet, by and large, people are as roads should vary according to passive in the face of these difficulties as Polish women in a motorists should be charged for the congestion costs they impos on others.

It is nearly 25 years since the government-appointed Smeed Committee concluded that it was technically and economically feasible to use the price mechanism to regulate traffic flow. Today, it would not be necessary to rely on crude tolls (although these would help): electronic devices set in roads could allow fine graduations in fees charged. Yet minis-ters continue to behave as though congestion were a nasty necessity. They say charges would bear more heavily on the poor than the rich. Of course they would: all prices do. But the strong case for redistributive taxes has nothing to do with the equally compelling argument for economic pricing.

The Thatcher Government should recognise that its East European road economy is not working. It is time to experiment with road pricing, both within their failure to rely on the price city centres and on motorways. mechanism that lies at the heart Motorists have been allowed to of the horror of traffic congestion repeal the laws of economics for

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Solving the drug problem

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Sir, I feel that Paul Maglione's somewhat disjointed response (Latiers, July 12) to John Lloyd's well-reasoned article (Lombard, Markey of the solution does not lie in say inglience appears to believe that a drug, by virtue of being legal and accepted by society, is automatically not harmful and not a problem. This is simply not so. By far the largest drug problems today are caused by alcohol and tobacco. These problems are measure, the description of the section of society, which is given expression through this means of saving and investment. Privatisation would destroy those strengths.

The TSB, through loss of regional control and its emergence as a mini financial congruence as a mini financial congr not trivial: by any measure, the ill effects of the proscribed drugs pale into insignificance in com-

Letters to the Editor

The small
pale into insignificance in comparison.

Having said that, there is clearly a need to control the problems of illegal as well as legal drugs, it may be that (as indicated by the Dutch experience) in the case of "soft" illegal as suggested need for drugs, the most effective way to do this would be to legalise them to some extent.

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Also worth solve first the soft that several solve first th

Privatisation would destroy those From Mr Peter Manning

glomerate, has lost its status as the small saver's bank. Building societies, with their national groupings and progress towards incorporation are increasingly in danger of the same loss. Pecu-

his debts the other would be responsible for the deficit.

"I believe that barristers use the phrase "jointly and severally" when it applies to other people's

Philip Mickelborough, 39 Kingsbury Street, Marlborough, Wiltshire

Responsibilities

Sir, I was interested in your report of the comments made in Lusaka by Mr Nell Kinnock, the Leader of the British Labour Party ("Kinnock denomices vio-lence by ANC", July 12). Had Britain and other Western

OUR BUDGET.

The Museum of London has unearthed a well-preserved Roman warehouse near the River Thames in Southwark.

Unfortunately, a municipal construction programme will soon bury the remains for ever.

Enthusiastic though we are, our budget simply won't stretch any further. We need financial help, and quickly, if we're to get this unique piece of the City's past into a museum.

We would welcome contributions or sponsorship from both companies and private individuals.

Please send donations to: Museum of London Archaeological Trust, Museum of London, London Wall, EC2Y 5HN.

Investors could not reasonably have asked for a better performance

Profit Mr Jerency Hais.

April: participating fully in a have saked for a better performance from their Japan fund managers.

April: participating fully in a have saked for a better performance from their Japan fund managers.

It is also not true that Japanese equity market hat the Japanese equity market hat the Japanese equity market is unaffected. Japanese equity market were selling squities into strength as the market rose to an initial peak in October, thus effectively selling at the top.
They then maintained these net raiss in the fourth quarter as the 1987 C2 Japanese market fell between 1987 C3 October and the end of 1987 — a 1967 C4 period of weakness which is now 1988 C1 often forgotten. Then, when the . 1968 April market recovered sharply in the 1968 May New Year, foreigners were not buyers between January and

Bournet Bank of Japan

sers' activity in the Japanese market					
Foreigners' purchases of Japanuss equilies	Percentage change Nikkel Index	Net long-term capital outflow from Japan			
-41	+12.1	14,8			
-2.7	+7.6	7.3			
-7.2	-17.1	12.6			
2.2	+21.8	5.1			
0.4	+4.5	10.1			
_18 .	-0.1	16.3			

yield/equity yield comparisons as unfavourable as they were in October last year, prompting another significant correction in Japanese equities.

One final point: the Bank of Japan, not the Bank of Tokyo, determines Japanese interest rate policy.

Jeremy Hale, Goldman Sachs International, 5 Old Bailey, BC4



FINANCIAL TIMES

Friday July 15 1988

POWER SYSTEMS

Dale Electric of Great Britain Limiter Electricity Buildings, Filey - Yorkshire YO14 9PJ --Telex 52163 Fax 0723 515723

Western travel has shown young East Germans what they are missing, writes Leslie Colitt

Anger of the second-class Germans

A GROUP of young East Germans was waiting at Budapest airport for a delayed evening flight back to East Berlin after a carefree week in the Hungarian

But their allotment of Hungar their anothers of Hungarian currency had run out and
they had not eaten since breakfast. They tried converting their
East German marks into Hungartan forints at the airport
exchange bureau but were told
they needed an East German currency allotment slip which they

they needed an East German cur-rency allotment slip which they had already used up.

Their East German banknotes, bearing the portrait of Kari Marx, were worthless in Hungary. The West German passengers seated opposite them waiting for a flight to Frankfurt had no such prob-lems, however. They were able to exchange their D-Marks for

MR SILVIO BERLUSCONI, the day

services and retailing subsid-



Honecker: deeply suspicious of his subjects' desires

Berlusconi to buy store chain for L969bn

to acquire La Standa, the and savings shares of Standa and ration's leading department store an additional L200b for the group's property holdings.

Mr Berlusconl, who is better known for his private television diversification for Mr Berluscon- ent) and its holdings to his Standa, or less than one fourth of the court of the court of their own, contains to transfer MBTA (Standa's parangement) and its holdings to his Standa, or less than one fourth of the court of their own contains.

known for his private television diversification for Mr Berlusconent) and its holdings to his Standa, or less than one fourth of boldings in Italy. France and its Fininvest group.

West Germany, is buying Standa

As a result of this transaction concern, which will then take receive from Mr Berluscon.

cial services and retailing subsidiary of Montedison, the chemicals concern that is controlled by Mr Raul Gardini.

Speaking from his villa outside Milan last night Mr Berluscom Speaking from his villa outside Milan last night Mr Berluscom Speaking from his villa outside Milan last night Mr Berluscom Speaking from his villa outside Milan last night Mr Berluscom Coop for Mr Berluscom, does not deal will take place next Thurs
over of L13,400hn and 25,000 bourse for itself.

The Ferruzzi/META deal has after the terms of the Ferruzzi/META deal in light of the distribution of the distribution of the deal, while a dramatic over the interests of Montedison's town of the som's 100,000 small investors as ruzzi group staff could be reached for comment last night.

ment is of a land which few East per, was dominated by a photo marks.

The airport experience brought bome to East Germans every home to the young people the night by West German television feeling of being second-class German the growing number of visits mans which is experienced by in both directions.

mans which is experienced by in both directions.

every East German traveller in East or West. Although they are no less talented and hardworking ganda has become a growing than West Germans, citizens of enjoy the fruits of their work. The inevitable result is bitterness.

East Germans who are given permission to visit relations in West Germany, often their first trip to the West in more than 30 old East German leader, is deeply years, are allowed to exchange 15 suspicious of the unarticed in the suspicious of the unarticle the suspicious of the unarticle the suspicious of the unarticle to the suspicious of the unarticle the suspicious of the unarticle the suspicious of the unarticle to the suspicious of the unarticle the suspicious of the unarticle to the suspicious of the u

trip to the West in more than 30 years, are allowed to exchange 15 suspicious of the unarticulated desires of his subjects. He sussame number of D-Marks (\$\$1\$ for pects that conceding a finger to elight days. Their West German the citizenry will lead them to demand an arm. The cousins from the East, dependent on Western generosity.

East Germans are told by their leaders how fortunate they are to live in the best of socialist worlds, it is certainly true that East Germans are more prosperous than Germans ever were before the Second World War, it is also true that East Germany is the most prosperous of all the Eastern bloc countries.

But the sugar-coated vision which is evoked by the Govern-

graph showing a Soviet digni-tary, Mr Viktor Kulikov, and Mr Honecker during their meeting in East Berlin. Underneath were articles about promotions and rewards given to senior police and security officials.

The Soviet Communist Party conference went unremarked in the East German media until a week after it was over. The chief organs of the Soviet party and Government have become among the most sought-after reading items to East Germany. Pravda the church to Timing and Irvestia are sold out within hours hours of hitting the news stands and certain Soviet publications which are enthusiastically reformist are no longer allowed into the country.

The number of East Germany.

sidies for basic foods and consumer goods, rents and transport.

Privately a number of East German economists agree that the
debilitating subsidies distort consumption and investments and
no longer reflect the real
demands of East Germans.

They must be abolished but
this leadership cannot do it," one
Central Committee economist

how difficult it is to follow such
well-meant advice.

Hopes for reform now centre on
Mr Honecker stepping down next
year on the 40th anniversary of
the creation of East Germany.
However this is by no means certain and, even if he did, there is
little evidence that a successor
this leadership cannot do it," one
would wish or be able to liberalise very much.

holders who collectively hold the holders.

remaining 29.6 per cent of Standa

The East German Protestant Church remains the sole escape valve for the enormous social pressures which have built up in the system. Dissent and debate outside the Church and certain dissident groups which are shielded by it are so muted as to be virtually insudible.

Scarcely a meeting of the Church passes without calls for domestic reforms. These have domestic reforms. These have grown so persistent that the authorities have repeatedly banned issues of church publications in recent weeks. In one case an East Berlin weekly called The Church was forced by the cansor to withdraw an article citing the reformatived. bout the new Soviet policy of

tolerance towards the Russian orthodex church.

The East German leadership is increasingly angered by what it sees as the Church's growing pol-

Mr Manfred Stolpe, East Berlin's leading Protestant lay official, told a church conference in Halle recently that "even to the cally reformist are no longer allowed into the country.

Mr Honecker clings to the orthodox communist principle of huge consumer price subsidies which Mr Gorhachev wants to eliminate in the Soviet Union. Nearly 20 per cent of the East urging parishoners not to leave German budget last year was devoted to government price subsidies for basic foods and comsumer goods rents and transport.

The prospectus for the Fer-ruzzi/META deal, which at pres-ent calls for META shareholders

It was unclear last night

Lloyd's hit by surge in member resignations

LOYD'S OF LONDON has received a surge of resignations of members (Names) in the last few weeks, bringing to at least 950 the number of people now expected to quit the insurance

Lloyd's confirmed yesterday that it had so far received an all-time record of 744 formal resignations and that another 206 members had signalled an intention to leave. On January 1, Lloyd's had 33,532 underwriting members all of whom had to members, all of whom had to show ready assets of at least

The updated resignation figures are nearly double the num-ber revealed by Lloyd's on June 29, when Mr Murray Lawrence, the market's chairman, said that 480 members had resigned.

Members wishing to resign are

supposed to do so by June 30, but underwriting agents are unlikely to deny the right to resign to anyone filing his application soon

Opinions among underwriting agents are divided about the reasons for the resignations. Some blame tax changes in the 1988 UK Budget, which have reduced one of the traditional fiscal advantages of Lloyd's membership.
This is because the fall in the top rate of UK income tax to 40 per cent has reduced the ability of Lloyd's members to write of underwriting losses against tax.

Lord Strathalmond, of London Malling and London Mallin

Wall, a Lloyd's underwriting agent, said the diminishing agent, said the considerations in encouraging people to join Lloyd's reflected "a general change in British business cul-

many Lloyd's underwriting agents have cut back on recruit-ment this year

Italy opens talks on insider

By Alan Friedman in Milan THE Italian parliament yesterday began discussing a draft proposal to write Italy's first ever legisla-tion to regulate insider trading on the stockmarket.

Although no draft law yet

edists, a proposal has been pres-ented to the parliamentary finance committee of the cham-ber of deputies (the lower house) ber of deputies (the lower house) by Mr Maurizio Sacconi, the under-secretary of the Treasury. The proposal, which could take between six and 12 months to become law, would make share trading based on privileged information a criminal offence.

The proposal, which is aimed at bringing securities trading rules in line with the rest of the European Community, was yes-terday welcomed by Consoh, the stockmarket regulatory author-ity. A spokesman for Consob remarked that "the Italian bourse is structured as a bourse of insid-ers. If we succeed in making the market more efficient and in eliminating insider trading we will take a big step forward in

quality."
Despite the proposal in pariament there are few in Milan who expect to see the rapid passage of insider trading legislation. Italy remains a country which has no formal company takeover panel and no anti-trust legislation, and the Milan equity market is rid-dled with the kind of insider trading that would be prosecuted if it took place in London or New

York.

A handful of major companies and banks dominate trading in the clubby atmosphere of Milan, and roughly two thirds of trading takes place away from the official exchange. The Consob itself has come under sharp criticism in recent months for its alleged failure to act onlekly in demanding ure to act quickly in demanding clarification of controversial company restructuring deals.

THE LEX COLUMN

Economical truths on Rover

For British Assespace shareholders, last night's Rover statement is scarcely satisfactory. The comis scarcely satisfactory. The com-pany has plainly been subjected to some ferocious arm-twisting, and the Government insists that the deal has not been changed in the least, merely clarified. It is unclear why clarification should be needed on whether Rover is to be held to its own commercial plan; the implication must be, though, that whatever next of the expected to quit the insurance market this year.

Forecasts circulating among Lloyd's underwriting agency companies suggest, however, that the total could swell to more than 1,500, perhaps because of publicity over possible losses arising from asbestosis and environmental pollution in the US.

One underwriting agent said Lloyd's Names had suffered a "Chinese water torture" of reports about troubled syndicates and large losses, culminating in last week's Piper Alpha oil platform disaster, which could produce insurance claims of at least 1800m.

The dead has not been changed in the least, merely clarified. It is unclear why clarification should be needed on whether Rover is to be held to its own commercial plan; the implication must be, though, that whatever part of the deal caused such offence to BAe two days ago remains in place. Unless the market has a clearer thea of what on earth has been going on before dealings resume, it can only go badly with the BAe share price.

Plessey

Nobody can be sanguine about the prospects for growth in the Western defermed works over the same control of the control of the least that whatever part of the deal caused such offence to BAe two days ago remains in place. Unless the market has a clearer thea of what on earth has been going on before dealings resume, it can only go badly with the BAe share price.

the prospects for growth in the Western defence market over the western delence market over the next few years, or the opportuni-ties for operating profitably within it; least of all, Sir John Clark of Plessey. The choice fac-ing Plessey – as Sir John put it yesterday with characteristic bluntness – is to get in deeper,

or get out.
So yesterday's £182m acq So yesterday's £183m acquisition by Plessey of Singer's electronics systems division can have
come as little surprise to a market which knew both that ESD
was on the block, and that Plessey had a US defence electronics
contractor on its shopping list.
But if the price was only faintly
pleasing — a multiple of 16 times
prospective earnings is not exortitant by the standard of other
such recent acquisitions — the
timing was more so. If all goes to
plan and ESD begins production
of its TTIDS military communications system later this year — a tions system later this year - a big cavest given the uncertain-ties of the defence market - Plea-sey will have bought the com-

pany just at the point when it could expect to begin making True, Plessey could almost cer-tainly have got ESD for less if it had moved before corporate raider Paul Bilzerian got his hands on Singer, But nonethe-less, the company emerges from the deal a more viable proposi-tion as an international defence

On the other side of the coin, however, Lloyd's has received 1,072 applications from people wishing to join.

This is despite the fact that many Lloyd's underwriting agents have cut the coin in the control barrier, and it will take more than one purchase to prove that Pleasey has control barrier.



where. The way Rank prefers to look at it, the managed activities grew by over 20 per cent, ignoring the \$4m shortfall in profits from its precision businesses in the US. That may be; unfortunated its district results incorporating international Signal ahow little beyond the fact that Ferranti has been prompt in adopting its new partner's habits of secrecy; and taking out exceptionals, it looks as if the old Ferranti's earnings little to the currency gains that as if the old Ferranti's earnings last year were almost unchanged.

future. ISC will add to the quantity of profits, but scarcely to the quality. And though the £200m from the Saudi deal in the next few years will help bridge the gap between the Tornado and the Buropean Fighter, it does not address Ferranti's central prob-lem, the lack of growth in con-ventional defence markets in the

Aside from defence, there is attraction to the idea that Zone-phone could do for Ferranti what phone could do fir Ferrami what Vodaphone has done for Racal. There are, however, two crucial differences; Zonephone will not enjoy the protection of a duopoly, and it will be sold cheep to a mass market. Ferrant is not a mass marketser, and if there is money to be made from the concept it is more likely to go to such as ET.

Af 88%p, and assuming pre-tax of around £100m this year, the shares are on 10 times earnings, about the same as Plessey. This might seem to overfook Ferrauti's undoubted technical excellence; but after all, the group shares a not uncommon Eritsh complaint — expertise in the Lloyd's reflected "a general change in British business culcontractor, with no dilution of lence; but after all, the group shore influenced more by shareholders at yesterday's Piesson complaint – expertise in the commercial factors than fiscal sort of acquisition will finally set ess in moving into new ones.

> Rank Organisation Ferranti
>
> International
>
> It is a little unclear why Peramiti's figures yesterday should
>
> Rank Organisation has long been struggling to make its managed businesses the dominant part of the group, but Rank Lerux has recently been doing so well that the rest of the company

has found it hard to keep up.
This time it was not only that
Rank Xerox did better than
expected, but that the managed
businesses did worse. Indeed,
adjusting for interest they actually declined in the first half.
Such a comparison is not
wholly fair, as the higher interest
charge in part reflects refinancing of some preference shares.
Moreover, the disappointing total
is the result of specific problems is the result of specific problems in the industrial division, and marks good performance else-where. The way Hank prefers to

their rank here will go on prot-tacing the goods for the rest of the year, and its latest spurt owes hitle to the currency gains that transformed the previous year's figures. The leisure businesses are poised for a good second half, while the two recent acquisitions are already beginning to earn their keep. Even the deviant parts are apparently being dealt with, and after management changes at Strand Lighting matters there should shortly improve. The market has for a year steadily been re-rating Rank, and even though its 10 per cent discount to the market might ctill he after wide the market. might still be a bit wide, the market will probably want to see the expected 20 per cent increase in earnings this year before closing

Citicorp

Citicorp

The fact that Citibank evidently regards its bottom line more highly than its machismo may come as a relief to other players in the gilt market. Now that the biggest of the US banks has declared that trading glis is intolerably unprofitable, any of the smaller ones who have consistently been keing money in the market may follow guit without substrasguent, More, withdrawals seem inevitable, even with five gone already, the market has about twice as many players as it can support, and the inminent arrival of Nonaura and Daiwa will only make matters Daiwa will only make matter:

As for Citicorn Scringeonry Vickers itself, the decline of what was once a leading stockbroker is startling. Earlier this week 40 employees in equities got the axe, and yesterday's defection of a managing director to Smith New Court showed the loss of top staff continuing as well.

Rover showdown a sign of British Aerospace will Commission's toughness

Italian commercial television
He said he would pay L789bn
magnate, is to pay L1000 (\$710m) for 70.4 per cent of the ordinary
to acquire La Standa, the
nation's leading department store
chain.

The said he would pay L789bn
and savings shares of Standa and
an additional L200b for the
group's property holdings.

Continued from Page 1

ing tendency over the past few of Industry and the Brussels years to support the Commission's tough line on EC competitions and the Brussels authorities appeared at times during the three months of nego-

Theoretically, governments can ignore Commission aid decisions, in which case they will still find themselves in court, as the target of a Commission action for fail-ing to observe EC competition laws. That is thought an

warns in its competition report in March, the French did not that Brussels "knowledge of state aid has been less than complete."

Even so, Commission officials until the last moment. EC officials were yesterday baffled by BAe's class felt France's low key tactics last minute reservations over the allowed them more room for Rover deal. The most charitable explanation on offer was that the aircraft company had somehow failed to understand the comehow failed to understand the comehow.

WORLD WEATHER

during the three months of nego-tiations to be talking at cross

from Iniziativa META, the finan- Fininvest will have total turn- META's listing on the Milan

over of L13.400

purposes, claim EC officials.
While nobody in the Commission would believe for a moment son would believe for a moment that EC competition rules are open to bargaining, some officials observing the talks were yester-day contrasting the UK Govern-ment's high profile style of nego-tiating over Rover unfavourably with the French Government's less openly forceful approach laws. That is thought an extremely unlikely option for a British Government as committed as this one to letting market forces have their way.

To sharpen its attack on anticompetitive subsidies still further, the Commission has just competed an internal compecdium of all kinds of state assistance, from which new inquiries could well flow in the future. It warns in its competition report

aircraft company had somehow case in the Rover talks — as has failed to understand the operation of EC competition rules.

Indeed BAe, the UK Department of the UK carmaker

go ahead with purchase

Continued from Page 1

Government of attempting to salvage something from the mess it
had created, rather than attempting to safeguard the future of the
British motor industry.

Mr Bryan Gould, Labour's
trade and industry spokesman,
said the Government had gone
back "cap in hand" to the Commission to beg for further concessions, Ministers, he said in an act
of further humiliation, had been
sent packing while BAe manifestly had little confidence in the
deal or in the British car industry.

Under the terms of the deal,
ravised following the carlier disravised following the deal,
ravised following the carlier disravised following the fature of the
acquired by BAs, and these
losses can only be offset against
future Rover Group profits. They
will not be available to the BAse
group.

But two other tax restrictions
emable the group to utilise £200m
of Rover Group capture will not be available to the BAse
group.

But two other tax restrictions
emable the group to utilise £200m
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of Rover Group profits. They
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group.

per cent shareholding in Rover. The Government, BAs and the Commission have also agreed on a new figure for the planned cash injection into Rover, of £547m. This is £250m lower than had been originally intended, and comprises £469m in recognition of Rover Group's historic debt

and £78m in regional aid to support part of Rover Group's investment programme. This brings the Rover corporate plan, drawn up total of state funds poured into in secrecy by Mr Day, envisages Rover Group to £2,53bn since

Ministers were last night paid up front on completion of clearly relieved that the prospect the deal with BAs, of an embarrassing withdrawal There has been no change in by BAs had been averted, the provision that only \$500m of There has been no change in the provision that only 5500m of Labour, however, accused the Rover's £1.50n trading tax losse Government of attempting to sal- will be available after it has been

Under the terms of the deal, documents say that the 2469m it revised following the earlier discussions with the Commission, ted closely to the restructuring BAe will pay the £150m originally agreed for the Government's 99.8 five-year corporate plan.

The document says the restructuring will almost entirely resolve the present overcapacity in Rover. According to Commission estimates, the entire group — including both the Land Rover and Austin Rover divisions. - ran at 60 per cent of capacity

1975. cent of capacity implied by that
Lord Young said last night that
the £78m in regional aid would be
runs at full output potential.

François the Pharaoh Continued from Page 1

the time by dignitaries of the President's own Socialist

Most commentators believe France needs less to build a new library than to reorganise its library system. The new head ní tha Bibliotháque Nationale, historian Emman-

nel Le Roy Ladurie, has taken over a drowning institution.
Besides the destruction of
books through use and the acidity of paper, the Bibliothe-que Nationale can hardly bear the weight of reader demand or deal with the inflow of new

trading law

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TELECOM

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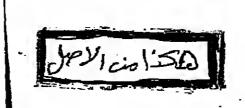
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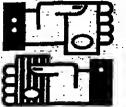
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SECTION III FINANCIAL TIMES



Politics, rather than economics, now dominates official

policy towards exchange rates, writes

Philip Stephens. Despite its latest rise, governments still fear an

eventual 'hard landing' for the dollar, which could drag the US and its partners into recession.

Waiting for

November

THE MOST striking characteristic of the foreign exchange markets over the past few years has been their capacity to defy economic logic — and 1986 has proved to be no exception.

The dollar's startling rebound, the pound's gains against other European currencies, and the weakness of the Dentsche Mark in the European Monetary System (EMS) have once again demonstrated the ability of global capital markets to ignore, for a time at least, the underlying forces in the world economy.

The overriding aim of the

perception has been of a period of Michael Dukakis is installed in

40

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11 y 92 in Sec.

4.00 75 M 14

In parallel, as forecasts at the start of the year that the US currency faced a free-fall against other major currencies have failed to materialise, the general calm until either George Bush or The overriding aim of the

raim.

That in part is simply a reflection of the extent to which both governments and business have become inured to wild finctuations in exchange rates.

A decade ago it would have been laughable to describe a sixmonth period, during which the dollar rose by 15 per cent against plusses.



Foreign Exchange

In the meantime, private investors outside the US must be per-suaded to continue financing the trade deficit. After buying \$140bn of US securities in 1967, central banks outside the US believe they have done their share. The dollar's gains over the last

the currency.

Below the surface, however, official confidence that the mar-kets will deliver such a breathing space is as much an expression of hope as of expectation.

The dollar's gains over the last few months have generated some optimism among policymakers that the markets may deliver the breathing space they need. Washington's ready acceptance of the appreciation has reflected its content in the deliver that its recent gains can be sustained. A set of had US appreciation has reflected its content from the corn both to blunt myseri mess. month period, during which the anese and west German surdollar rose by 15 per cent against the D-mark and by more than 10

The new president will be that the markets may deliver the believe that its recent gains can sterling, as one of relative stability.

West German suritw months have generated some want Street of predictions that the markets may deliver the believe that its recent gains can ington's ready acceptance of the appreciation has reflected its contrade figures (those for May are can both to blant upward pres-

sure to respond with a strength-ened commitment to stimulate their economies.

sure on US interest rates and to lautic dispute over interest rates, or a resurgence of concern over improvement in the US trade their economies.

The longituding shifts in factors that might shatter the

> Pessimists see clear parallels between recent events and developments during the summer of 1987 which preceded the stock markets' crash and the subsequent slide in the dollar's value.
> Then, as during the last few months, the dollar was rising, the US trade deficit was apparently shrinking and interest rates outside the US were rising.

Since last year, there has of 4.5 per cent.

improvement in the US trade gap. The longstanding shifts in the volume of trade flows, in response to the dollar's deprecia-tion since 1985, are finally being translated into a significant nar-

translated into a significant narrowing of the monthly gap.
On a seasonally-adjusted basis, the monthly trade deficit averaged just under \$12bn in the first four months of this year, down from over \$14bn in the second half of 1987. The volume of exports in the latest period was 25 per cent higher than a year earlier. Imports were up by only 45 per cent.

CONTENTS

The eoaring yen: increased productivity is keeping exports up Smaller currencles: investors have been trying new flavours Sterling: Inflation and the trade gap are the spectres

Profile: Midland Bank The EMS: Bundesbank's caution 3 The central banks: since Plaza they have become major players

Politics and co-operation: in of the free-floating system? still running

Corporate tressurers: why there are more of them Technology: praise for

World reports and A trader's day 6

It is these figures which have rapidly, looks equally unsustain-

value.

The problem, as the Bank for International Settlements (BIS) noted in its annual report last month, is that a world dominated by high-speed capital mobility is also one dominated by expectations. trade gap seen so far will be sus-to be made from a rising pound tained at a reasonable pace over in the short term.

for Economic Co-operation and term trends. Development, for example, France – and to a lesser extent believe that, on the basis of pres- Italy – has made significant ent exchange rates and policies, advances in both reducing inflathe US current account deficit tion and in improving its production and in improving its production are tivity performance, so the ritual the next few years. That is more devaluations of the early 1980s to than \$30bn below its peak in 1987. take account of inflation differential nonetheless implies a tials with West Germany may no build-up in the US' external debt to come \$1,000bm in the cast.

thal result may be yet be slower no more prepared to take on a crosion of trade imbalances and, locomotive role in the European possibly, a less manageable slide context than on a global basis."

At some stage, all of these misalignments will have to be reversed. And an eventual fall in the context in the context than on a global basis."

credible cuts in the Budget defithe trigger for shifts in sterling'scit, but a rising dollar is building value and for a realignment in
up problems for the future," is
how one European central
how one European central
this puts it.

The question is whether the
markets will be as patient as the

position has been deteriorating remedies.

electronic deals system

in Japan, that they can resume their purchases of US assets to finance the deficit without running the risk of further heavy exchange rate losses. That in turn has pushed up the dollar's sen over the last year (and only partially revised).

also one dominated by expecta-tions. Put more simply, private investors will have to be per-suaded that the narrowing of the believe there may yet be profits

the next few years.

The economic evidence snggests that such a trend is far
from assured unless the US delivers sizeable cuts in the budget
franc and Italian lira and removdeficit and the surplus countries in pressure for an early realignaccelerate the pace of growth in ment of parities. Short-term movements are again pointing in Both the International Monetary Fund and the Organisation sonable expectation of medium-

brild-up in the US' external debt longer be needed.

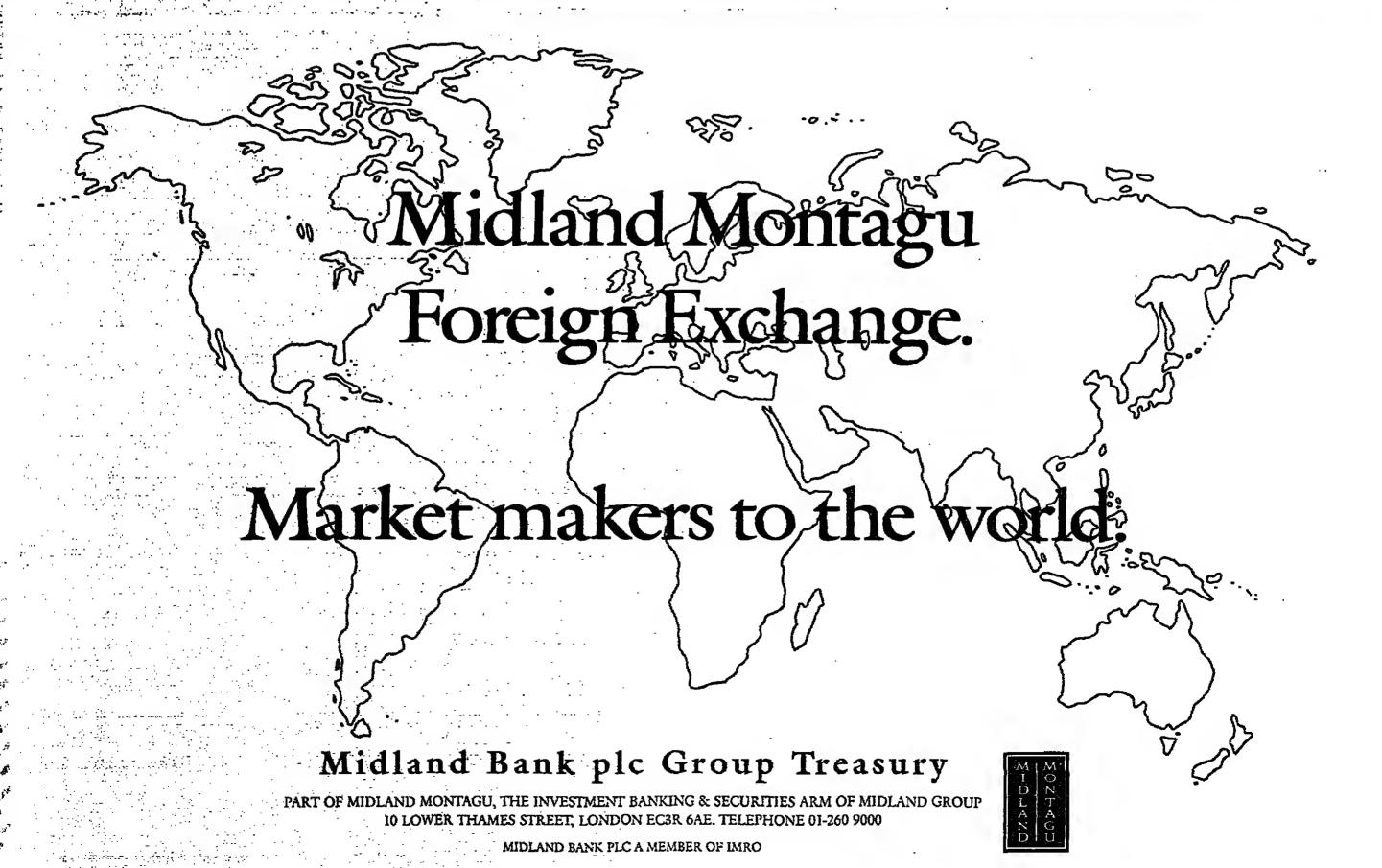
to over \$1,000hn in the early 1990s, a figure which might dull the appetite for US bonds of even the most optimistic Japanese investor.

Against that background, the dollar's recent appreciation has created more unease outside the US than within. The private fear of some European policymakers of some European policymakers is that, while a stronger dollar ered to be asking for trouble to

is that, while a stronger dollar ered to be asking for trouble to now may be politically converges more strongly than Ger-nient for Washington, the even-many, which, however, is itself

fall, at least until the US delivers the dollar's value may provide

It is not only the dollar which politicians, and give a new US has been unpredictable. The president the opportunity to sharp appreciation in sterling's manage a "soft landing"; or value against the D-mark, during whether, like last autumn, they a period when the Britain's trade will seek to impose their own



Productivity and low costs help to sustain exports

September 1985, the yen has risen om 230 to the dollar to a range of about 125-130 to the dollar. Japanese iodustry has shown for thinking that it will move up remarkable resilience in coping again against the dollar. Mr Rus-

most expect the currency to go expect a rate of 115 to the dollar higher yet. Many are using an in the near-to-medium term.
exchange-rate of 120 to the dollar

The rise of the yen hitherto has for their internal planning this been underpinned by Japan's year. A rate of 100 to the dollar structural long-term surplus on by the end of the decade - only its trade account, together with pared for within corporate Japan.

For now, a fragile calm pervades foreign exchange markets.

Co-ordinated G7 central-bank erably slower pace than was first intervention and some seeming progress towards reducing the US

THE AUSTRALIAN dollar, Span-

sh peseta and Danish krone may not have the glamour of, say, the dollar or yen, but in the last year

they have proved worthy rivals.
While the attention of interna-

tional markets seems focused on trading the dollar, Deutsche

There are fundamental reasons

with such a wrenching change sell Jones, of Hoare Govett, and that export volumes are even on the rise again.

Mr Kenneth Courtis, of DH Capital Markets, are just two Tokyo-Companies not only accept that based securities company econo-a high yen is here for good, but mists now telling their clients to

18 months away - is being pre- the buoyancy of the country's expected. The politically sensi-tive bilateral balance with the US twin deficits and Japan's sur-pluses has held the yen in e nar-row range around 125 to the dol-lar. But the yen has started to exporters through overseas direct move up again against the hard investment, the introduction of

appreciation since March. From its previous unofficial ceiling of

DM3 it rose above DM3.15 before falling back nearer DM3.10.

However, the attraction of high-yielding currencies is also

apparent in the performance of, among others, the Australian and

productivity, the yen vaine of Japanese export prices has been cut by about a quarter since 1985. That has helped Japanese companies sustain, and now increase. export volumes, so keeping export earnings surprisingly insulated from the high yen. At the same time, falling com-

modity prices since 1985 and the fact that 84 per cent of Japan's imports are denominated in dollars have belped Japan to increase its import volumes to a disproportionately larger degree compared with the increase in import values. Even the recent upturn in commodity prices has not had more than a marginal effect on this trend. This shift in the terms of trade helps to explain why the trade surplus is narrowing so slowly, around the \$87bn that many pri-

more sanguine (or confident of still.

Itheir shillity to sell abroad, however high the yen movest). An informal survey by the Ministry of Trade and Industry, in March and April, found that Japanese account from deficit to surplus

Japan's net foreign assets of \$325bn are now generating an income estimated at \$2bn a month

structural pressure on the cur-rent-account surplus to remain large. Japan's surplus savings, put aside by households to pay for education, old age and housing, are far in excess of private investment and public sector net expenditure. This surplus and the success of its economy has been the basis of Japan's awelling capial outflow in the 1980s.

A build-up of liquidity is in the trading houses expected Japan's custom-cleared trade surplus to be little changed in fiscal 1986 from fiscal 1987.

The question for currency markets is how quickly changes in the trade balances work through to the current account. A look at what is happening to Japan's overseas investment income shows why, even if the trade surplus solor for overseas investment income shows why, even if the trade surplus could be reversed. This

Japanese policy-makers are constrained in mopping up this extra liquidity. Any significant clear idea of the candidates' politiquening of monetary policy would jerk up interest rates, narrowing the spread between yen and dollar bonds. This the be unable or unwilling to meet authorities are trying to keep the dollar stable. A hard landing for the dollar in such circumstances would unsettle both curtially. desuite American export-

European currencies. In May, it naw products with lower Japanese exporters are even balance will shrink more slowly would exert further upward prespected to take any new initiation moved from Dm74.60 to break-even points and increased more sanguine (or confident of still.

Dm72.40.

Japanese exporters are even balance will shrink more slowly would exert further upward prespected to take any new initiation of the sanguine (or confident of still.

Japanese exporters are even balance will shrink more slowly would exert further upward prespected to take any new initiation of the sanguine (or confident of still.

Japanese exporters are even balance will shrink more slowly would exert further upward prespected to take any new initiation.

There is a strong and building. twin deficits, which still remain

stances would unsettle both cur- tially, despite American export-

them more interesting for specu-lators, who can take a view of the likely course of the index.

Smaller currencies have gained popularity among investors in the last 12 months

Some tasty flavours from the second shelf

Mark, sterling and yen, other cur-rencies bave offered potential rencies bave offered potential rewards (and risks) at least as ingly for high interest payments as the big four. Like ingly for high interest payments as the big four and ingly for high interest payments as the big four and ingly for high interest payments as the big four and ingly for high interest payments as the more. Currently the necessary condition seems to be that a currency is backed by high and exchange-rate regime, the obvious strategy is to buy high yielding currencies have lost a little of ing currencies," says Mr Chris their appeal as the exchange markets have encountered turbuleronchis as the major industrias countries have turned clays Bank. months as the major industria-lised countries have turned clays Bank.
The appeal of relatively high interest rates in the UK has had a pronounced affect on sterling's

towards a system of managed floating. There appear to be two related causes.
First, central banks are taking an aggressive role in using inter-vention to dampen big swings in the value of the dollar, D-mark,

sterling and ven. When such action is successful and it is obvious that it isn't
 always - investors have found the fizz takeo out of the market. The result has been that attentioo has shifted towards the sec-ond tier of currencles, where the that will only move newards

sary condition seems to be that a currency is backed by high and

lence. With first sterling and then the dollar seeming to become one-way bets, the interest in alternatives that had been building for perheps a year before began to wane. Such fickleness suggests that foreign exchange markets act in a relatively unsophisticated man-ner. Mr Paul Chertkow, econo-

bility cuts profit-making opportu-Of course, the big four and the nities second tier currencles are not "if "if you cannot get a strawberry ice cream, you might go for pista-chio," he says. "But now people are going back to their main flaindependent, Many of the smaller currencies are linked, formally or otherwise, to either the dollar or D-mark.

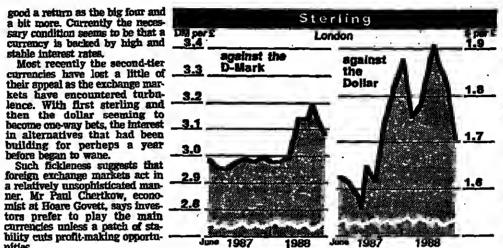
appears much greater.

Second, relative stability in the big four curreccies means other criteria become more important criteria become more important the investor the prospect of as

D-mark.

This means that, to justify a that have heen popular with investors in the last year include:

Australian dollar: Since the



beginning of the year, it has risen has been high interest rates.

The months ahead is that of the by about 16 per cent against the Spanish Peseta: In the last rapidly developing economies US dollar, and about 20 per cent 16 months the Spanish currency such as Taiwan and South Korea. against sterling. Its strength has been underplaned by high inter

M New Zealand and Canadian dollars: Again the driving force

has been broved not only by a Growing competitiveness against high cost of borrowing, but also the US could lead to a significant by a fast-growing economy, revaluation — particularly if the Although the market is strong strength of the dollar were to enough to support trade outside begin to wane as a result of a enough to support trade outside Spain, it is not as liquid as for the big four and, say, the Anstra lian dollar. Moreover, some analysts fear its appeal might ease as a growing trade deficit looms Danish Krone: Like Spain,

considerable economic success and high interest rates have attracted investment in this currency - at the end of May, for instance, three-month interest rates stood at about 9 per cent, against about 7% per cent in the UK. However, membership of the European monetary system makes currency movement generally limited.

Another category of currency that may grow in popularity in the months shead is that of the begin to wane as a result of a. worsening trade position.

In Europe, currency markets are dominated by the European Monetary System. With revaluaatoneary system. With revalua-tions comparatively rare, there is usually relatively little scope for movement – although the Italian line moves within a wider range than the others.

However, some European curling, but there is not the same level of published material on rencies outside the EMS, such as smaller currencies. It may well the Swedish krone and Norwegian krone, are managed against a weighted basket of trading partners' currencies. This

b-mark section ther currences suffer most against the US dollar, D-mark, sterling and yen is in the size of the market. Although, formany, there is a good off-shore market, the depth is often not

In such circumstances, a large investment can rock exchange rates. Documentation and The difficulty for investors is than for the big four. Although information is available, the appreciation is forthcoming, a quantity does not unate the rich-preater return might have been obtained on an investment in a higher yielding currency.

investors seek undiscovered niches, this may prove a blessing in disgulse. Mr. Wright, of Barclays economic department, says:
"At the City level, the market is
flooded with documentation on
the dollar, D-mark, yen and ster-

Raiph Atidns

Sterling: inflation and the trade gap are the spectres, and . . .

Interest rates the weapon

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the Covernment decided to uncap sterling and when the pound was trading around DM3.06, Mr Nigel Lawson, the Chancellor, told the e of Com ther currency appreciation, espe-cially against the Deutsche Mark

can against the beutsche eart, was "unlikely to be sustainable". He did not specify a time limit in his answer, and in its immedi-ste aftermath the pound quickly climbed towards DMS.20.
Four months later, after an almost unprecedented period of

almost unprecedented period of interest rate and exchange rate volatility, the markets have yet to deliver a definitive judgment. The latest rise in base rates strested sterling's steady decline through most of last month. But as Britain's trade has moved furtise that the state of the state ther into the red - the current account deficit for the first five months of the year is estimated as £4.7bn — the question-mark over the medium-term outlook

for sterling has grown.

From March until June, the pound benefited both from favourable interest rate differentials relative to other money cen-tres in the world and from a generally optimistic assessment overseas of Britain's economic

prospects in the wake of the March Budget.

More recently, the dollar's surge against all major currencies and the hnovant pace of domestic demand in Britain's economy which is behind the deterioration in its trade performance have prompted a reappraisal of the risks.

Against the D-mark, the pound is still above the levels of early March, but so too are interest rates, which Mr Lawsoo has pushed back to the levels seen hefore last October's stock markets crash.

Whether Britain is on the verge of an old-fashioned "ster-ling crisis" is much more difficult

to judge.

Research by economists at US securities house Goldman Sachs indicates that even at its recent highs, the pound was close to its estimated "purchasing power

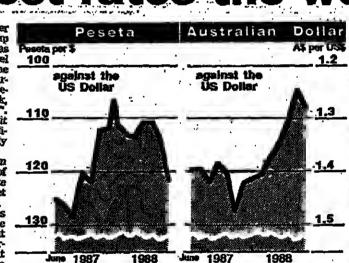
parity value.

Their judgment was that at this level British industry would still be competitive relative to other periods in recent history. The UK's strong external assets position would also allow it to sustain a higher trade and current account deficit than in the

In the markets, relatively favourable sentiment towards the pound has been sustained by the pound has been sustained by the optimistic impression among foreign investors of economic conditions in Britain. Growth is strong and the Government's finances are in strong surplus.

The investors of economic conditions in Britain. Growth is strong cerned that in the process of exchanging sterling for dollars, the Government had lost sight of its pursuit of monetary stability.

ling might go, it is useful to understand where it has come from. The Government's reference for a 1/DM ceiling of DM3.00



had been well telegraphed to ing inflation.

Although the Treasury has become less sure of the abort-run side risk" to huying sterling relationship between the growth assets in increasing amounts in February and March.

Upward pressure on the pound had been building in the first week of March - the Bank of England accumulated more than the days to hold the DM3.00 line - so there was little surprise that when the purchasities observed heat from the authorities stepped back from the market, on March 7, the currency should rise and do so sharply.

Further rises in interest rates might lead to a wider trade gap

The pound was supported fur-ther by a dispute between the Chancellor and the Prime Minis-Chancellor and the Prime Minis-ter over exchange rate and mone-tary policy. He has sought to emphasis currency stability and the fight against inflation; Mrs Thatcher has sought to empha-sise the fight against inflation and currency stability. The distinction is more than

The distinction is more than semantic. Mr Lawson, from early last year until March this year, had achieved sterling stability against the D-Mark through Bank of England Intervention in currency markets. This intervention, which required the selling of sterling for dollars, resulted in the Treasury adding more than \$20m to its reserves in a year.

Mrs Thatcher, and her advisers in Downing Street, became con-

Intervention was partly responsi-ble for the rapid growth of monetary aggregates which carried with their growth a risk of ignitJune 1987 1988 hathough the Treasury has become less sure of the short-run relationship between the growth of monetary aggregates and inflation there seemed little doubt in Mrs Thatcher's mind. She forbad large-scale intervention and left her Chancellor with just one policy instrument; interest rates

icy instrument interest rates.
The strength of the currency between March and May forced the Government to cut interest rates by % a percentage point on three occasions to a level of 7% per cent in order to make the currency less attractive.

As pace the pace of domestic demand in the economy remained buoyant and the pound slipped both against a strong dol-lar and against the D-mark, the interest-tate cuts were reversed just as quickly, holding the pound above DM3.00.

domestic financial markets

foreign investors in their upbest view of the UK, the critical factor 1.2 in the Government's policy is to determine whether the overall

stance of policy is sufficiently anti-inflationary.

Many believe that the Chancellor's budgetary stance erred on the expansionary side. And even if the majority judged the fiscal stance to be broadly neutral, the major concern about Government policy has been the stance of Mr. Lawson's monetary objectives.

The Treasury and the Bank of England have made much of the combination of certain exchange combination of certain exchange rate and interest rate levels in

their attempt to convince finan-cial markets that policy is set at an appropriate level of "tight-ness" and is not taking risks with inflation. with initiation.

The Treasury lef it be known that its model of the UK economy could show a relationship between interest rates and exchange rates to an extent where a four per cent movement in the effective exchange rate was equivalent to a one percent-age point raising or lowering in bank base rates.

But that is challenged by inde-

pendent economists such as Mr Bill Martin of brokers Phillips & Drew as "no more than a handy ex-post invention designed to jus-

Treasury officials talk less about this relationship now and the Bank of England denies one exists at all, which leads one to suspect that the leaking of it only served a short-term purpose of market reassurance/manipula-

tion. With evidence that inflationary This has served to highlight the Government's policy dilemma — how to pursue its anti-inflationary commitment and preserve exchange-rate stability taking the single instrument of interest rates. interest rates.

High borrowing costs are needed to restrain domestic demand in the economy, but a further ratcheting up in rates might push the pound up to levels which might lead to a further widening in the trade gap.

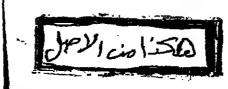
From the point of view of domestic financial markets.

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The jargon

Bill and Ben' and the forex men

The fast-moving, agitated world of the foreign exchange dealing room is a strange place to the unini-tiated. Speed and decisiveness are mical. Speed and decisiveness are essential, moleting it necessary to have a shorthand for the terminology. That's the theory, anyway, says RALPH ATKINS, who offers a lexicon of foreign exchange

Position: Start with the basics This is what you've got - your holdings of currencies.

Long: A dealer is long in a cur rency when he has a holding in it. "Long of sterling," for exam-ple, means he has bought pounds

and has them available for sale. Short: The opposite of long although it's not quite that simple. You're short in sterling when you don't have any and have other currencies to be sold for

Square: A dealer is square when he has no position and is neither short nor long in the currencies in which he is dealing. Junior dealers in many banks often start and end each day square - hop ing to have made a profit in between (Overnight positions are decided by senior managers, who have to make the difficult assessment of what is likely to happen to the value of currency holdings until the next dealing day. That is why they are senior manag

Cable: Shorthand for sterling/dollar trade. Hence you talk about the "cable desk", the "cable rate" and so on. It dates from the days when deals were made by cable

Paris: Affectionate name for the French franc. First of a series of nicknames by which forex dealers boast their knowledge of world capital cities.

Glider: Not so affectionate nan for the Dutch guilder. Bill and Ben: Rhyming slang for the Japanese yen. Probably not appreciated completely in Tokyo. Kiwi: Unoriginal nickname for the New Zealand dollar.

Belg: Even less original slang for the Belgian franc. Aussie: Australian dollar. Stocky: Swedish kronor - from Stockholm, capital of Sweden

(Not such a dim lot, these forex

course, after Copenhagen. Marks: For some reason, there do not seem to be commonly agreed nicknames for the D-mark, dolla or sterling. Hence the German currency is called simply Marks. Quite right and proper it is, too. Yard: Forex dealers talk only in millions. If you are asked for five pounds you give £5m. (Luckily this doesn't apply in wine bars. Yard is used for billions.

Mine: No messing about with please and thank-you. Mine means, "I'm buying", Yours: Shorthand for "I am sell

ing to you. Thank-you for doing with us. I hope we will have the pleasure of your patronage again in the near future. In the meantime, have a nice day." Spot: A spot deal means settle-ment within two working days. Such deals are used to establish a position. Tomnexi: Settle the next working

Spotnext: Settle within three Spot-a-week: Settle within a

Spot-a-month: You are probably getting the hang of these by now.

Cockdate: Settle at some date between a week or a month. Swaps: When currency holding are mismatched with settlemen are mismatched with settlement dates, swaps are used to roll a position over from one day to the next. An example would be a dealer who is long in dollars and short in D-marks due for settlement on the next day. He sells the dollars to buy back tomnent (remember that over and does (remember that one?) and does the opposite with the D-Marks. Interest rates are then paid on each holding currency to the interest rate prevailing in the appropriate country. Spotnext tomnext and so on are, in effect

a form of swap. Crosses: Most currencies are quoted against the US dollar. A cross rate is between two other currencies - for instance, sterling/D-mark or D-mark/yen that is the control of the UK parliamentary system. They are the analysis who believe currentles should be tracked. cles should be traded for profit by

charting their obbs and flows and looking for patierns. They dis-agree with Georg Wilhelm Hegel when he said: What experience and history teach is this - that people and governments never lave learnt anything from histelists: These analyst

argue that currencies ought to move according to the economic fundamentals of a country. No one has yet discovered for sure who is right, the chartists or the fundamentalists. At least, if they have, they are keeping quiet How one bank makes a profit in the volatile exchange market

Trusting in local judgment

In the fast-moving foreign exchange business commit themselves to huge outlays on people, equipment and communications.

Although Midland Bank has retrenched part of its foreign operations to make way for its new ally, the Hongkong and Shanghal Bank, foreign exchange is one business where it aims to keep — and expand — its global presence.

In London, and most of the other other of the positions it takes.

As the Far East hands over to sidered by most banks to be the London, and London to New York, and the New York back to Sydney, dealers brief each other about their sensitivities. So if the notoriously volatile exchange there is a sudden discount rate about their sensitivities. So if the notoriously volatile exchange to the Far East day, the business where it aims to keep effective controls without stifling the trading and profit-making instincts of its office in Bahrain, so at the about their sensitivities. So if the notoriously volatile exchange there is a sudden discount rate about their sensitivities. So if the notoriously volatile exchange there is a sudden discount rate about their sensitivities. So if the Tokyo market which is considered by most banks to be the Sydney, dealers brief each other in the US, a London or a where that market gets under supplied by most banks to be the Sydney, dealers brief each other in the US, a London or a where that market gets under way at about 8am with calls from articles.

The Challenge for any bank in the notoriously volatile exchange is one business where it aims to keep effective controls without stifling the trading supplied by most banks to be the Sydney, dealers brief each other is office in Bahrain, so at the Sydney, dealers will be hauled out and asked whether he arriving dealers to their departing controls way at about 8am with calls from arriving dealers to their departing controls way at about 8am with calls from arriving dealers to their departing controls way at about 8am with calls from arriving dealers to their departing controls way at about 8am with ca The nerve-centre of its world-

wide currency operation is a stri-king blue glass building at Billingsgate, by the Thames in the them.

No central record is kept of the Mr Richard Mahoney, who heads of Midland Montagu, its investment banking and treasury arm.

There, in an office overlooking New York might be long on the Madison Avenue, New York.

Mr Lockett's empire consists of something moving by more than dealer Glen Rothquel picks up does before he leaves is hrief his about 220 traders, researchers and salesmen spread in various remote," he says.

The trading action moves with cover the 24-hour trading day.

The majority — about 100 — are next, and each centre is responsi-

manuals, is to set strict parameters for each of its dealing centres, but to leave them free to deal largely as they like within them on regular journeys to meet each other. "The system has to them on regular journeys to meet each other."

There, in an office overlooking the arriam on one side and the bank's busy central dealing room on the other, sits Mr Tom Lock ett, the director in charge of forcign exchange trading and treating eign exchange trading eign exchan

exchange day comes in the early London afternoon, when New York opens up and the trans-At-lantic lines hum with thousands each other. "The system has to work at a personal level," says of deals. Then the Billingsgate end begins to wind down, Mr Lockett's colleagues brief Mr Mahoney's, and London goes home. At this point, the New York market quietens down, and



risk management instruments into risk management products, like swaps and options, for clibelleving, Mr Lockett says, that ents who want to protect their the scope for growth is still large. currency exposure. Most of the "Not nearly enough corporates creative work in this area is done are using them," he says. "There in London by a treasury financial engineering group headed by Mr Tim Goode. Midland also trades metals (Samuel Montago, its merchant bank, is a major bullion dealer).

Midland has put a lot of effort believing, Mr Lockett says, that companies, in particular, he than repeat them this year. thinks will use foreign exchange

One of Mr Lockett's aims is to improve the quality of Midland's foreign exchange earnings, to "Not nearly enough corporates ness which is less dependent on are using them," he says. "There the swings of a volatile market is more inter-bank husiness now. Last year's profits, he admits. so there is more liquidity and were exceptionally good, and he prices are lower." Middle market will be happy if he does no more

David Lascelles

The EMS

Frankfurt remains cautious

WITH A wry smile on their faces, European central bankers have a favourite rhetorical question: what would happen to the European Monetary System if, in six months, the dollar had fallen sharply and there were elections

The answer they give is that a realignment of the exchange rate mechanism (ERM) of the system would have to have occured to preserve the stability of the French franc and the Italian lira. The series of events implied in the question, of course, is pre-cisely what happened. The answer, as recent history

showed is completely wrong. But the fact that central bankers think in this way is an indica-tion of what the EMS was, and a demonstration of just how far it rencies of the ERM were last realigned in January 1986.

Talk of its being an "island relative currency stability" is now less of a sales pitch and more of a reality than it has ever een in the system's nine-year

past six to eight months — which are in large part the result of institutional changes agreed last autumn - should not disguise the conflicts that remain within the EMS. These fall into two broad categories, which inevita-bly overlap: the economic and the institutional.

Because the system is domi nated by the Deutsche Mark and the monetary policy of the Bundesbank, the West German central bank, some contend that the rest of the EMS members are destined to be constrained to German rates of economic growth to avoid the risk of balance of pay-

With unemployment in Europe high and, in the near term, por bly rising, growth stuck at the German rate of 2 per cent or less a year is politically and socially

It was a feature of the Bretton Woods system that deficit countries tended to bear most of the brunt of adjustment, and so too with the EMS. Those countries with weak currencies, such as France and Italy, have had to maintain much higher interest rates than German or the Nether-

The has led to calls, particular larly from France, for greater "symmetry" within the operation of the EMS: viz., if France (and other weak currency countries) has to righten its beit to restrain costs and inflation, Germany should be prepared to operate a more expansive fiscal and mone-

tary policy, so the region as a whole can grow faster.

The logic of this line of argument is not self-evident — France and Italy can grow faster than Germany without threatening a believe of rewments crisis if balance of payments crisis if their unit labour costs grow at a slower rate than Germany's but it seems to remain a deeply held proposition.

There are signs that the French, at least, are moderating their stance on the issue. Offi cials now like to talk of a policy of competitive dis-inflation rather than competitive devalua tion". They point out that the realignment of currencies in January 1986 erased the gap that had opened between French and German relative unit labour costs from 1983 until the end of 1985. And developments in costs nov appear to be working more in favour of French industry than



Opening Night

It's 3.00am in London. Every other trading floor in the City has been empty since the London market closed vesterday. Before they went home, those traders delegated the responsibility for the positions they had taken on behalf of their clients on the world's foreign exchange markets to counterparts in Sydney, or Tokyo - people they've probably never met and who may well work for another bank. Their actions, or inaction, will affect what your money is worth when you wake up.

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The graveyard shift was planning a little 'first night'. celebration. But something's just happened to your money in

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FOREIGN EXCHANGE 4)

Since the Plaza agreement, central banks have been major foreign exchange players

Mr Pöhl's warning proves justified

charge of foreign operations, his moment of satisfaction. Between February and April, Mr Cross said, the central banks of the Group of 10 major industrialised countries excluding the US, had bought approximately \$69bn in their collective attempt to support the US currency in furtherance of the Lou-

SELF-SATISFACTION is not what

one usually associates with central

bankers. Caution is more their line. But, at the end of June last year

when all seemed well with the Lou-

vre Accord, one could have forgiven

Mr Sam Cross, executive vice presi-

dent of the US Federal Reserve in

vre agreements in February.

Over that period the dollar had fallen 8 per cent against the yen and sterling, and about 2 per cent against the Dentsche Mark. For the most part, however, the decline had been

orderly and painless.
"I think the results of these intervention actions . . . have worked out well," he said. "I'm quite happy to see

Similarly Mr Cross's new boss, Mr Alan Greenspan, who took over from Mr Paul Volcker as chairman of the Fed mid-way through last year expressed guarded confidence. A few days after Mr Cross spoke, Mr Green-span said he thought the worst was

"We are very likely to have reached the bottom of the exchange rate drop," be said.

By the end of 1987 these comments

looked more like wishful thinking than considered judgements. The world's central banks had expanded their reserves of dollars by about \$150bn, and the dollar's value was 18 per cent lower against the D-mark and 23 per cent lower against

the Yen than it had been at the beginning of the year. At this level of intervention the central banks mainly those of Japan, West Germany, Britain and Taiwan - had funded nearly the entire \$161bn US current account deficit. A warning concerning the willingness of private capital to finance the US current account deficit, which Mr Karl Otto Pöhl, president of the

Bundesbank, West Germany's inde-pendent central bank, had often made during the year, had come alarmingly true.

Despite the Louvre Accord of February last year, a spirit of co-opera-

tion had not accompanied the accu-mulation by the central banks of most of those dollars. The US Administration in the person of Mr James Baker, the Treasury Secretary, had frequently operated either a policy of "benign neglect" or one of actively

It took until late December, after the US Congress had passed legisla-tion to "cut" the budget deficit by \$30hm and the dollar was in free-fall. for the G7 to put together a statement on economic co-operation and exchange markets and breathe new life into the Louvre Accord.

The communique we issued on December 23 last year simply demon-strated of our willingness to co-operation in the monetary field," says one central banking close to the talks. We didn't talk about foreign nge rates or whether we would intervene; we just agreed we should co-operate as closely as possible."

The commitment to "co-operate as closely as possible" is important because, as 1987 demonstrated, when the fundamental rules of interna-

the fundamental rules of interna-tional co-operation are broken – the need for politicians and officials to remain silent, a willingness by the US authorities to be seen to be sup-porting the dollar, and a demonstra-tion that fiscal and monetary policies of the major countries are moving in the right direction - nothing can save the dollar from the whirlwind of

Referring to the co-ordinated round of intervention in the first week of January this year, one central banker noted: "The amount of intervention. while staggering, was not as langur-tant as the fact that central banks could demonstrate that they were cooperating, and especially that the US was willing to support its currency."
Salomon Brothers, the US securities house, has estimated that in the first quarter this year, official hold-ings of US Treasury securities - the main form in which foreign central banks hold their dollar assets - rose

But to view central banking relations over the past year simply as the US versus the rest would be mislead-ing. Relations between the Bundesbank and the UK monetary authorities, for example, were strained at the end of the year when Britain diversified some its dollar-denominated for-

eign assets into D-marks.

The UK Treasury had been concerned that it might suffer losses on its accumulated dollar reserves and sought to switch a portion of them in

Politics and co-operation

of this push, however, occurred dur-ing December when the dollar was under severe pressure. So at a time when the Bundsebank was selling when the Bundsebank was selling D-marks for dollars in an attempt to support the US currency, the Be England was buying the D-marks in the market, thereby adding to the West German currency's implicit strength against the dellar.

UK monetary officials counter by saying that Britain faced "certain dif-

ficulties" at that time. In any event, they say, the switching was done with a minimum of disruption to prevalling exchange rates. The extent of the UK's diversification into D-marks is not known with precision, but there is an interesting section in the Bundesbank's amount report which gives a cine.
Holdings of D-mark assets by con-

tral banks rose by DMITM (SSSM) last year. The Bundesbank noted that these were accumulated by industrialised countries who were not mem-bers of the exchange rate mechanism of the European Monetary System. In. the search for suspects, that leaves few other countries other than the UK and, possibly, Spain.

The Bundesbank's selling of dollars in late May, before the more recent in inte May, before the more recent connected intervention by central banks, elso provoked irritation among its pariners in Europe. The West German central bank said that the dollar's strength allowed it to return to the position it had adopted before 1986, when it had tended to on-self the dollars it accumulated in interest and other earnings.

But to many other European cen-

But to many other European cen-tral bankers this was disingenuous. They asked: What if we all decided to on-sell our dollar interest pay-ments? Others, notably the Bank of France, were annoyed that the Bund-sebank did not inform its colleague banks of its actions.

conducted in the European marning vis a secure telephone link-up. This system gives repres from 17 central banks the emportionity to discuss their views on the current state of the market and the outlook for the dollar or the EMS currencies, and to decide on what

actions need to be taken.

It is part of a continuous and daily transmission of market intelligence and views. The IIS and Japanese authorities do not usually participate in the talks because they are held outside their time zones; they are informed of the talks by telex; and they to turn inform the Europeans of what they have done. It is over this system of close consultation that most decisions concerning insurance. most decisions concerning intervenmost decisions concerning material-tion in currency markets are taken.

At this level, co-operation works well and is improving as time goes by. But many central bankers agree that this sort of co-operation, no mat-ter how valuable and neaful, can not

esbank did not inform its colleague ter how valuable and neaftl, can not replace appropriate fiscal and moze.

Such differences, however, should not disguise the extent to which cooperation on currency and broader from Mr. Reagan to his successor policy issues had deepened and become institutionalised.

If the broad agreement are successor decided.

If the broad agreement among the governments comprising the Group 200km-a-day foreign exchange margovernments comprising the Group 200km-a-day foreign exchange margovernments comprising the Group 200km-a-day foreign exchange margovernments comprising the Group 200km-a-day foreign exchange margovernments. First, Exation with monthly US many, France, Britain Canada and trade figures, and its judgment on itself figures. Sinson Hosberton

TARGET ZONES, reference the government of the early 1980s ranges, a global European Mone-tary System . . As the search for a substitute for the free-floating exchange rate regime which replaced Bretton Woods in 1973 gathers pace, there is no shortage of blueprints for a new interna-

tional monetary system. It is one of the ironies of the free-market 1980s that foreign exchange trading, which is about as close to a perfect market as exists, has turned even the most ardent economic liberals into

And, with the fervour of converts, the proponents of a laissez-fnire approach to almost every other aspect of economic life have frequently been in the forefront of efforts to tame the

The US has abandoned the benign neglect of the dollar. which characterised the early Reagan years, in favour of attempts to develop a new system of international policy co-ordina-tion based on agreed economic policy and performance indicators. Mr James Baker, the US Treasury Secretary responsible for the U-turn, refers to the new approach as one of strengthening and reforming the flexible

Mr Nigel Lawson, Britain's

which allowed an uncontrolled surge in sterling's value to put large sections of British industry out of business, is another con-vert to government and central

tbe pound. In parallel he side all reasonable expectations, sketched out his ideas for a new The damage — in terms of the system of "managed floating" for all the major currencies.

France has been more consist-The change in the political and intellectual climate reflects above sus, however, on what exactly, if whether the Seven have yet laid all the damaging impact of the anything, should replace the the foundations for a more radidollar's gyrations since the start free-floating system.

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Forbidden by Mrs Margaret
Thatcher, the Prime Minister, to be regarded as their sustainable a move to drive the dollar down, take sterling into the European paths. But their faith in markets and then to stabilise it. Monetary System's exchange rate assured them that speculators Co-ordinated intervention by mechanism, he has adopted a pol-would provide a stabilising influ-central banks, and on occasion, Co-ordinated intervention by ence and would prevent persis-tent overshooting. concerted interest rate adjust-ments, have to be used in an the Dentsche Mark. Last year tent overshooting. ments, have to be used in an alone he ordered the Bank of The extent and duration of the attempt to tame speculative England to more than double its dollar's misalignment - it has excesses. Dollar support foreign exchange reserves to risen and fallen by 100 per cent operations by central banks out-\$40bn, in an attempt to stabilise during the 1980s - was thus out-side the US last year involved the addition of \$140bn to their

The damage - in terms of the reserves. In parallel, finance ministers of legacy of huge trade imbalances, the seven have developed a the disruption to investment decisions both inside and outside ent, arguing since the start of the the US, and a creeping tide of that their underlying fiscal and 1980s for a new system of target protectionism — persuaded gov-monetary policies move in a zones or reference ranges for the ernments that uncontrolled direction both more consistent dollar, yen and EMS, but only in exchange rate swings posed a the last two years have its ideas been taken seriously elsewhere.

The change in the additional results are the common to the trade imbalances and with greater currence to the results are the change in the additional results. There is far less of a consen-

What is far less clear i cal shift away from the floating of the present decade.

Since the Plaza agreement of rate system, whether to a global The advocates of the free-floating system had always anticitiouvre accord of February 1987, pated speculative "bubbles" in the Group of Seven countries

Despite the self-congratulatory Mr Nigel Lawson, Britain's the such a market, with curren have operated what might be tone of last month's World Eco-Chancellor, and a key figure in cles moving outside what might called "dirty" floating" - first in nomic Summit in Toronto, the

New rules await consensus

The fundamental strains which underwined the Bretton Woods system - differing perceptions among governments of appropri-ate national policies and of the There was little doubt after the scale seen last year is not extent which the burden of October's stock markets creak, sustainable over the medium

tion during the last few years suggest that those strains may indicate that tighter exchange intensity rather than weaken rate management depends on a over the next few years. coincidence of individual and Consensus among gove coincidence of individual and Consensus among governments mutual advantage which is far on optimum exchange rates and appropriate fiscal and monetary policies is never easy, but when the largest player has a \$150bn current account deficit the diffi-

If governments lack the politi-cal will to move yet to a more rigid system of exchange rates, they are also uncertain about how they would enforce the disci-plines of such a regime in the massive and integrated global markets of the 1980s and '90s. The gradual dismantling of capital controls in the past, decade has removed a key

efforts to reduce trade imbal-ances should be born by deficit and surplus nations — have not imancial markets and economy. On to monetary policy, raising cone away.

Only after that was done was the the traditional — and unsolved — The scale of the efforts needed US Administration prepared to dilemma of how governments can to reduce the US trade deficit and rejoin efforts to stabilise the dol- use the single instrument of the Japanese and West German lar. Similarly, West Germany has interest rates both to stabilise

indicated on numerous occasions that policy co-operation cannot be allowed to threaten its over-riding sim of price stability. If governments lack the politi-

weapon employed to sustain the fixed-rate system, Central banks are acutely aware that direct intervention in the markets on

exchange rates and to control domestic inflationary pressures. Attempts to establish a com-mon anti-inflationary "anchor" - commodity prices, gold or nominal income targets - 23 2 guide to the appropriate overall level of interest rates across countries would similarly run into the problem that some countries are prepared to accept higher interest rates than others. None of these problems is theoretically insoluble, and most busprints drawn up by governments and academics include an ament of flexibility to cope with differences in national priorities. The key to any radical change however, will be political will Governments have demonstrated that they want to introduce more discipline and predictability into the foreign exchange game. But they do not seem ready yet to commit themselves to a com-

pletely new set of rules.

Philip Stephent

The brokers

B&C cliffhanger still runs

enough in the past 18 months to inspire a prime-time television

Until early last year, money brokers seemed content to emain in the shadow of their stock market counterparts. The business has always centred on a small group, dominated by Brit-ish-owned firms, who act as intermediaries between hundreds of banks and financial institutions. They deal in various instru-ments that only professional players have an interest in players have an interest in — spot foreign exchange, currency deposits, financial futures and options, Eurobonds, US Treasury Hills and UK government glit-edged securities. However, the picture started to look distinctly less cosy last year. The turbulence in the foreign exchange, bond and stock markets triggered a shake-up in the money-broking husiness of a kind

money-broking business of a kind not seen since the early 1970s. For a screenwriter in search of some drama in a new setting, there have been copybook dawn raids, takeovers and falled deals. The only problem is that some of the real-life sagas in the moneybroking world have yet to reveal

their endings.

Many of the key moves have involved British and Commonwealth Shipping, the financial services group. B&C began to make waves in October 1986, when Mr John Gunn took over at the helm. Mr Gunn was the

former company - a move which brought B&C into the major mon-

ey-broking league.
If the £573m Exco deal came as a surprise, B&C's bid for Mercantile House, one of the City's best-known financial congiomerates, in July last year provided the first sign that the shake-up was to be long-lasting. B&C's target was not Mercan-

le's money-broking arms, M.W.Marshall, based in London and William Street, in the US which it quickly put up for sale - but Mercantile's US fund management arm, Oppenheimer, to strengthen its merchant banking operation. The deal was a major step in the transformation of B&C from a shipping concern into one of the UK's leading

financial service companies.

B&C agreed to sell Marshall and William Street for £280m to the Quadrex group, the financial services group owned by Mr Gary Klesch, Marshall's management resisted the deal, especially because Mr Klesch already owned R.P.Martin, thought to be the fourth largest money broker in the business.

In September, the bid went unconditional, but then was thrown into confusion by a dramatic intervention from Crownx a leading Canadian financial services group.

Crownx announced a counteroffer for Marshall and William
Street — a deal which had the
support of executives at the two
themselves," Mr Wilton says.

ver activity. In February came another twist in to the story, when Qued-rex failed to meet the final dead-line for agreeing a payment date for Marshall and William Street. It left B&C still looking for buyers for the two units.

With Marshall arguably the world's leading spot foreign exchange broker, the industry is understandably anxious about who its eventual owner will be. Mr Charles Gregson, of MAI, which considers itself No 2 in the business, says the worst possible outcome would be if Marshall were to end up in the hands of a

Japanese institution.
Yet foreign competition is not
Mr Gregson's main worry.
Although the small London-based money-broking world could easily become a cosy cartel, he says, it has become "a dog-eat-dog" business. "I may sit down with a money broker, but we would never discuss prices

How has the turbulence in the foreign exchange markets led to foreign exchange markers sen to this state of affairs? Mr Gerry Wilton, managing director of MAI's money-broking arm, Butler Harlow, says that "the volatility profile" in the market has changed. Money brokers thrive on volatility – but only if it is of an "orderly" kind, not the fickle bind says recently. kind seen recently.

IF WALL Street is the stuff of Cocar-winning movies, the global money markets, comprising both the foreign exchange and bond markets, have seen drama enough in the past 18 mouths to former company — a move which regulates the City's take—former company — a move which regulates — a move whic orex market, about 40 per cent o banks' business is conducted through brokers like Butler Har-

low, who earn their income from fees for each transaction. The survey found that banks' average volume of foreign exchange transactions was 196bn a day in London. This turnover is thought to have increased by at least 50 per cent since 1966.

Increased volatility has meant record trading volumes and prof-its for money brokers — perhaps explaining why they have become prime acquisition targets.
While new niches are being developed, such as merchant banking services for UK companies based outside London, money broking remains the core activity for companies like Exco. A focus of the money brokers has been the gaps in their global coverage. This was the reason for Exco's purchase last year of RMJ Securities, one of the largest money brokers in the US Treasury bond market.

RMJ, one of only half a dozen brokers who arrange trades for the 40 or so primary Treasury dealers officially recognised by the Federal Reserve Bank of New York, has given Exco a key foot-hold in the world's biggest securi-ties market, where daily turn-overs exceed \$100bn. If put Exco on a par with other international brokers in a rapidly growing

Bundesbank still

Continued from page 3

Italy, however, seems likely to. remain a source of weakness within the EMS. Its relative unit labour costs are set to deteriorate by about 5.5 per cent over the

At the institutional level, the Bundesbank has conceded little in the day-to-day operation of the EMS. It is proud of its role as the centre of price stability within the system and guards it jeal-ously. It is also keen to remind achievement. its partners that, by virtue of the D-mark/dollar relationship, it has other obligations as well.

The hauteur of the Bundesbank is evident in its description of one of the major institutional changes to the EMS, the agreements of September last year which allowed for the greater use of intervention and the method of significance of institutional

light of the fact that the EMS has proved to be a stabilising element it out" in the run up to the presiin the economic and monetary dential elections, policies pursued by member The agreemen

countries, and that particularly in recent years all the countries belonging to the EMS have stepped up their efforts as regards stability policy."

It is generally agreed that the EMS has passed one of its most testing times with flying colours. The co-ordinated interest-rate moves by its members in early in November, in the face of a savage and destabilising fall of the doland destabilising fall of the dol-

lar, and the weathering of the French elections in the spring of

this year, is seen as a major

On both occasions the French franc and the Italian lira were perilously close to the bottom of their permissible ranges within the system, and the talk in financial markets was of an imminent

What financial markets failed to appreciate, however, was the The Bundesbank agreed to the new easing of the financing arrangements primarily in the light of the fact that the East of the fact of the fact that the East of the East tion of French officials to "tough The agreements had all the

marks the point of strong down-ward pressure on the dollar and the related strains within the RMS - the Bundesbank lent part-ner central banks DM21.5hn tochange for D-marks, however, (27bn) for interpressional team. (£7bn) for intra-marginal interventions. By the end of March, more than a third (DMA.2bn) had been paid back, consisting mostly of French borrowings used to defend the franc.

But the nature of the agreements also highlights strains within the system. One commit-ment cushrined in the Nyborg agreement was that a creditor central bank would agree to accept a greater amount of Ecus in exchange for its own currency

hallmarks of "technical" adjustments to the EMS. In financial unwind a loan from the EMFC used for emergency intervention. In the past, 50 per cent of any tral banks could or would cooplerate on monetary policy, and the cantral banks could not would cooplerate on monetary policy, and the contral banks to borrow currency the greater leeway affored to the funds in the markot, the intervention policy— the greater leeway affored to contral banks to borrow currency the debtor central benk related the funds in the markot, the intervention may have been vitiated. At Nyborg, it was agreed that up to secondary refinement at best.

From mid-October last year repaid in Ecus, or in currencies which suited the debtors central banks to borrow currency.

has been circumscribed by its decision to treat it on a case-by-

case basis, "The Bundeshank considers itself the leader of the other cen-tral banks in Europe, especially when it comes to intervention," says one Continental central banker, in a tope of voice border ing on weary resignation rathe



Westpac Banking Corporation



Floating rates make the corporate treasurer an important person

IF CORPORATE treasurers had quences for a company of cur-

ing ever more important. With-out a comprehensive knowledge ever greater emphasis to manag-of the risks it faces, the conse-ing risks — and assessing oppor-

Technology

Deals system wins praise

of R.P.Martin, the major foreign the integration of front and back exchange broker and chairman of the Foreign Exchange and Currency Dealers and Brokers Association, has no doubts about snapshots taken at the tradi-Antoconfs, the electronic deal thouse close of business to assess Antoconfs, the electronic deal thouse confirmation system the association pioneered three years age: needing to know the true state of "When turnover is huge, it is play after 5pm will rarely find absolutely essential. It has this data in their back office system attracted all the major players and the banks seem delighted with it too".

Autocom's basically a system easily turn into a major impedi-which sends confirmation messages in agreed formats over the public packet switched network, recently which showed that forex was devised by forex dealers for and money market dealers were forex dealers, so it is perhaps no handling on average twice the surprise that it is a success. A volume of last year but that only

forer dealers, so it is perhaps no handling on average twice the surprise that it is a success. A volume of last year but that only prerequisite for building good 20 per cent of City institutions software is an understanding of the customer's application.

Built by Hoskyns, the UK services company owned by Martin of deals are still being scribbled by the specialist services company City Networks. The latest development from the Built by Hockyns, the UK services company owned by Martin of deals are still being scribbled by harder of deals forex transactions, it brings ture needed on average 20 per-together reports from the bank, cent fewer positions than those from the broker and from the counterparty watching for errors and anomalies that could delay settlement of a transaction.

grated system to the London branches of three major Japanese Technology in forex markets has come a long way from its Yamaichi Bank and Nomura beginning in the 1970s when Reu- International Finance. It has also ters offered a simple electronic secured a contract to install its feed of real time prices, clearing the way for its present dominant position in money market information systems.

Its latest products, launched in April include a digital financial cannot for the future? Video data feeds appropriate the principal trends and the future of the future?

April, include a digital financial seem set for a long life. A survey trading room system, Triarch carried out by Logica, the UK 2000 and a colour video informacomputing services company, for

2000 and a colour video information switching system. Prism.

Reuters says that Triarch 2000
is a logical extension of the Trading Information Architecture it
inherited when it hought Rich, Jew organisations expect to go
the Chicago based financial
systems builder. Some 50 Triarch
systems builder. Some 50 Triarch
twe years and there is still a marsystems have been installed of a letter of the country the hybrid character comprising digi-tal feeds, network-server based applications and video informa-

Triarch 2000 is an open trading system built around Ethernet, one of the first and most popular local area networks (LANs). The LAN is a technology which makes possible the fast and accurate novement of large volumes of information around a limited area — a single trading room, perhaps, or suite of offices — at

an economic cost.

Intelligent workstations such as the IBM-compatible Reuter Intelligent Workstation (RIW) or workstations from Sun Microsystems and Digital Equipment can be attached to the control of the survey was irrendly systems and factor of keyboards is still prevalent, that touch screens are poor engonomically and prone to error and that most dealers prefer graphics tablets.

The survey was a survey was a survey was the survey wa graphics tablets.

The survey was, perhaps, at its most revealing on the integration of the front and back office. While senior managers understood the importance of greater efficiency, few had concrete plans to link front and back offices.

"Most respondents avvected a be attached to the network along with "application servers", com-puters running specialised deal-

ing programs.

The RIW controls from a single keyboard up to five screens - a high resolution main display and four side screen each of which capture from the dealers. Organican be divided into three sepa- sations are reluctant to press the

rate zones.

According to Reuter, Triarch
2000 has already secured several
significant sales in Europe and
Asia, chiefly to major forex trading operations.

If the automation of the supply
of price information and of deal
confirmation are critical to efficent forex operations, then so is
automated position keeping and,
by implication, risk management.
Mr David Lincoln, a director of
Forex Advisory Sarvices, a London-based company which had
developed a well-regarded integrated dealer support system,
argues that if City institutions
are serious about participating in

Alan Cane

SYSTEMS LIMITED

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if CORPORATE treasurers had the ime of the rancy swings can prove costly.

ancient Chinese, they would surely have invented a proverb along the lines of "the most dan large. In January, British acrogatous risk is the one you don't know about".

In a world of free-floating exchange losses it expected on civil aircraft for the next exchange rates and growing two years to its 1987 accounts, international trade, the role of the corporate treasurer is becoming ever more important. With

FAS carried out a survey

operating a manual system,

FAS has already sold its inte-

justify the expense of digital

that digital feeds only become cost-effective above 30-40 posi-tions. Colour, however, was seen

as important and desirable because it effectively highlights important information while

reducing stress on the dealer.

Dealers like friendly system

extions are reluctant to press the dealers to accept changes".

exchange controls since the early ries: years of Mrs Margaret Thatcher's

years of Mrs Margaret Thatcher's government, and strengthened by the volatility of exchange rates.

The Association of Corporate Treasurers (ACT), for instance, has grown from 450 members when it was founded in 1979 to a currency other than that used by a company for accounting purposes. There is a risk that current level of about 1,000. With strict scrutiny of members, it also has 400 student members.

Simply expressed, the job of a corporate treasurer is to belance risks and rewards. That is, to hedge where the cost is reasonable; to take a risk if the consequences are controllable or the potential rewards justify it.

potential rewards justify it.

However, this requires a company to know what dangers it faces — a point apparently lost when a currency movement has on many businesses. "The main an adverse effect on a companies one analyst in a City foreign difficult to negotiate, or re-negoti-

movements. It is a trend trig- Foreign exchange risks compa-gered by the abolition of nies face fall into three catego-

reason why many companies are competitiveness. For instance, a taking big risks, is because they rise in the pound, might mean a don't realise they face one," said British company would find it

ate, contracts overseas.

To an extent, it is a second-order effect of transaction and translation exposure that takes longer to take effect, but it is potentially the most serious long-term threat to a company.

The action that a corporate

treasurer takes to hedge these three risks reflect the wider aims of a group. Hedging instruments can be costly and possibly affect a group's tax position, while soma companies are more risk adverse than others.

ate action varies according to circumstances. In an industry where competitors do not hedge, for instance, a company that does, may face a cost disadvantage if rates remain stable.

"There are no simple answers, but it is an area which has not been subject to as much analysis as perhaps it might have been," says Mr Gareth Jones, chairman of the ACT's technical commit-

More join the risk business rate treasurer in Britain is particularly difficult. Since March, ster-ling has been allowed to rise far above the DMS ceiling, and few are willing to speculate about the

> few months. The principal weapons used by treasurers to hedge in such cir-cumstances are forward con-

direction it will move in the next

tracts and options.

A forward contracts is the simplest tool of a corporate treasurer. It is a agreement to buy or sell a currency at a fixed rate for an agreed period of time.
Although they provide a guarantee against adverse currency movements they can prove restrictive if the currencies move in a company's favour.

There are two more sophisticated versions of forward contracts. The first is a swap. These are used as a hedging instrument when a company has an asset in one currency and a liability in

Using a bank as an intermediary, the company can find a com-sary, the company can find a com-sations whose primary purpose is pany in the opposite situation. The liabilities are then swapped,

contract is straightforward bor- cal for a group of Beecham's side. rowing or lending of a foreign
currency ahead of a transaction
to protect deals against adverse
exchange rate movements.

"Just to say that we are a
profit centre and not to about
risks is a dangerous simplification," he says, "We are in the

An option is the right to buy a business of taking risks as agreed currency at some particular price in advance within our strategy. I at some time in the future. Its advantage is that it removes uncertainty and can realise speculation."

Unfortunately, even the most ulative profits if a treasurer risk-adverse company will find believes it is priced wrongly. The there is a limit to how far hedgbig disadvantage is the cost, ing can be taken before cost and which frequently appears expent he mechanics of foreign sive and can prove prohibitive.

In a large company, the man-agement of foreign currency mean the job of the corporate holdings often becomes an hour-by-hour job. Volatile or unex-Mr Gareth Jones pected currency movements can require swift reaction.

In some businesses, the corpoalmost like a bank, with its cus-tomers the various parts of the business group. Most, bowever

so that each company has its of treasury at Beecham Group, assets and liabilities in one currency. Each pays interest on the ers products company, says his liability according to the rate pre-vailing in the country of the rele-vant currency.

department operates as a profit centre in its own right. It employs a total of 13 people in Tha second form of forward the UK and the US - not untypi-

tion," he says. "We are in the business of taking risks as agreed

exchange markets impose restric-

Mr Gareth Jones of the ACT says their role is more general than just hedging. "The key job for the treasurer is to analyse all the risk and to make sure people are aware of the risks.

Ralph Atkins



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FT writers review the latest developments in the world's major trading centres

Return of the large private player

LONDON LIKES to think of itself as the major player in the global

Foreign exchange transactions booked through London account for nearly half of an estimated \$200bn-plus daily global turnover in foreign currencies. Neither New York nor Tokyo comes near it in size of turnover.

foreign exchange trading, it little doubt that, in the first six should come as no surprise that months of the year, cross-trading the market changes and develops with the needs of the participants and clients. The market abbors and clients are market abbors. the steady-state as much as nomenon. The central hanks

past six months or so; the market.

Increasing Japanese presence in the market; the emergence of the market; the emergence of the of caution in the operation of important institutions in the well as the decision to invest in "private" currency trader; and the growing sophistication of the investment fund manager.

It may be that the first – trad-

tions between non-dollar currencies, rather than traditional trades through the US currency - turns out to be a less perma-nent feature than the rest.

t in size of turnover.

But, while detailed turnover figures are not available, there is

showed themselves capable of resuscitating the dollar in the Among recent key developments, four stand out the growth
in trading of cross rates over the

Among recent key developments, four stand out the growth
in trading of cross rates over the
mous cost to many players in the
market this year, so too has the
managers deal with their curdeposit of \$10m, trade up
trading of cross rates over the
mous cost to many players in the market
market this year, so too has the
market this year, so too has the
market this year.

trading rooms that had been market, but there has been a missing when, at the end of pick-up in Tokyo-London trading. The large fund managers are December, there seemed to be no limit to the money that could be made by "shorting" the dollar.

The large fund managers are now find that now developing centralised treamade by "shorting" the dollar.

The large fund managers are sury operations, and can generate they are executing orders for Japanese clients, especially those are large lines of business. ing the crosses or direct transactions between non-dollar currentions between non-dollar currentions between non-dollar currentions.

greater European central bank and growing.

policy co-ordination, has also The growth of the Japanese

underwritten the relative tran-quility seen in the European Monetary System.

The provided of the supplies of If cross-currency plays have managers deal with their cur-been an important feature of the rency exposure. Gone are the

equities or bonds.

made by "shorting" the dollar.

The central banks' resolve to stop the dollar's slide also ushered in a period of relative stability in the last few weeks hy the dollar's surge.

This stability in the key currency relationships, as well as anese clients, especially those from the hig trading houses and the large financial institutions, after direct contact with clients in Tokyo during the London trading sessions. They don't seem to mind working all through the former chief currency trader with night," says a senior executive of ment of large scale currency trader with the same set upon his own.

Allied to this is the development of large scale currency trader with the same set upon his own.

Allied to this is the development of large scale currency trader with the same set upon large scale currency trader with the same set upon large scale currency trader with the same set intriguing development is the re-emer-sence of the large private player in the markets. Possibly the best known is Mr Andrew Krieger, the former chief currency trader with the same set intriguing development is the re-emer-sence of the large private player in the markets. Possibly the best known is Mr Andrew Krieger, the former chief currency trader with the same set clients, especially those from the hig trading houses and the large inness or oursiness.

But perhaps the most intriguing development is the markets. Possibly the best known is Mr Andrew Krieger, the former chief currency trader with the same in the markets. Possibly the best known is Mr Andrew Krieger, the former chief currency trader with the same in the markets. Possibly the best known is Mr Andrew Krieger, the former chief currency trader with the same in the markets. Possibly the best known is Mr Andrew Krieger, the former chief currency trader with the same in the markets. Possibly the best known is Mr Andrew Krieger. The contract with the same interest contact with the same in the markets. Possibly the best known is Mr Andrew Krieger.

ment of large-scale currency trad-ing by "high net worth" private andividuals. Somewhat akin to margin trading on the stock mar-ket, these individuals can, for a deposit of \$10m, trade up to



The trader's day

A sterling drama at the money theatre

Richard Hill, senior manager, sat at a main dealing desk. Usually he sits to one side of the room, orchestrating trading. But today ha had decided more hands a had secled more had been secled more had been secled more had secled more had been secled more hands on leadership was required on the sterling/dollar, or "cable".

Hill leads a pack of skilled 1980s money-makers. The popular myth of barrow boys brushing myth of barrow boys brushing it is the worst job in the world," For lunch, Hill grabs sandcuff-links with MBA's is going he says.

Hill was one of about 30 dealers
from different backgrounds by with an average age of 27 work has for about an hour and a half
the theatre of his money and the theatre of big money and minute-by-minute decision mak-

Aged 35 and married with two children, Hill had been at work since 7am that morning - later than normal. Usually he leaves his home in Wateringbury, Kent, at about 5.20am and arrives in the Gracechurch Street dealing room around 6.30am.

The ever-earlier start in London reflects the growing importance of Tokyo in international
foreign exchange markets. London takes over the running as
the Far East ends its day. As
London approaches the evening,
attention shifts to New York

It is also likely to though for

currencies move upor down.

Today there was no clear has three Alevels, 12 years expension for sterling's decline, rience in the dealing room and but Hill was relishing the active seven years on the sterling ity, prefering always to be seven years on the sterling ity.

"You can keep your interest and concentration going." he says. Out of the hundreds of deci-Concentration going." he says.

Out of the hundreds of decisively and react quickly. But sions he has to make each day, he says it is not a gambling he hopes to be right four times instinct that makes a good out of five — and to make a profit at the end of the day, "When you make a profit it is the best job in the world, when you make a loss it is the world, when you make a loss it is the world, when you make a loss it is the world, when you are wrong."

There you have got to know quickly when you are wrong."

There you have got to know with the world, the says.

ing on the main spot dealing from noon, in anticipation of desks. Together they deal in 83 New York's opening, but picks up different currencies. different currencies.

there are the forward currency his telephone, throw down a pile dealers, options and other instru-ments. On the floor below are the his head momentarily in his sterling money market operators, hands

It is also likely — though few dealers will admit it — that the London starting time has been pushed forward as markets have become more competitive. An earlier start offers the chance to catch shifts in sentiment quickly.

In ore than 100 buttons each with will ring New York from home a light that flashes to show a for a progress report. It was a busy day, perhaps the busiest for a month, Hill thought. But he's used to the long hours, and he welcomed the increase in stantly talks to colleagues to feel activity. "It was good," he explains "I started working for a dealer acts as an independent of the competitive provises of the dealers. change market sentiment.

Conversations are not hurried.

IT HAD been a hard day's morning. By 11am the foreign with little to fire dealers into sted and often consist of just two exchange dealing room of Barclays Bank, in the City of Lon-like today, it can be frantic, and price of a transaction. Jackets don, had been swarming like a like today, it can be frantic, and price of a transaction. Jackets believe in a frenzy for more than sations of a bite to eat. three hours.

A small plastic Union Jack at the end of the long main dealing desk hung lamely. Starling was under pressure. It had already fallen two premigs against the Doutsche Mark and a cent against the dollar and was still dropping rapidly.

Richard Three hours.

Sations of a bite to eat.

Unlike equity markets, how at half mast. On top of the deaks are jars of coffee — some empty little difference. If one currency — a tea por and a box of tissues, is falling, there are others that — are gaining. Profits are made as ety of backgrounds, and include some university graduates. Hill the dealers come university graduates. Hill have the dealers are portant to the dealers are jars of coffee — some empty in falling, there are others that — are gaining. Profits are made as ety of backgrounds, and include some university graduates. Hill have the dealers are portant as the dealers come from a variation for sterling's decline.

explanation for starting's decline, some years on the sterling dollar ity, prefering always to be busy, trading deal. He joined the com"You can keep your interest and concentration going." he says.

Dealers like him need to think

In the large air-conditioned room there are about 100 desks, each with space for up to four dealers. As well as the spot desks Occasionally a dealer would drop there are the forward currency bis taleptione, throw down a pile

At Hill's desk are three televi- . As business wound down

Raiph Atkins

Low post-crash volumes the major problem

in New York ONE OF the major issues facing America's stock and futures exchanges is the prospect of stiff national borders and time zones. competition from their counter-

In securities markets, the scope for innovation remains vast, and foreign exchange at Chase Manhattan. "The most global market was, is and shall be the the prospect of even greater foreign exchange market." international competition between exchanges enormous.

etween exchanges enormous. Currency markets are already direction of financial flows which in the late stages of their devel- have increasingly come to domiopment. Competing screen-based nate currency trading volume, as level seen in the news services and in-house comopposed to commercially-based three quarters.

information. Dealing technology is highly sophisticated. The foreign exchange market is already global, trading seamlessly across eign exchange market is already global, trading seamlessly across Much is made of which finanparts abroad.

Far from frightening investors away from hedging techniques and futures-related derivative products, the October crash has beightened their ametits.

What is relevant to all centres

Seven, to force down the value of the dollar and, subsequently, stabilise it. After nearly three years, central banks still play a domi-nant role in the market, and

investment flows were cut back dramatically. Mr Huber reckons that currency trading volume in the second quarter of this year

"That is the edge you need or eight trade into Tokyo. foreign exchange business in the edge you are missing, which the other major development. New York is likely to intensify. The major problem is lack of the edge you are missing, which

desk," he said.

Well as commercial banks. In
The health of the foreign 1937, one third of companies used

exchange business in New York investment banks for major curwill, to some extent, be tied to rency services, twice as many as the level of overseas investment in 1986. in the US bond and equity marvey of US companies by Green-wich Associates shows that a As the barriers between com-

"Some commercial banks offer speculators have been squeezed kets. In June, when the stronger a strong financial market percent.

The collapse of world equity foreign investors into the bond markets last October deepened market, the sigh of relief in curtionships with pension funds, the problem of low volume as rency trading rooms in New York was almost audible. However, the market users of tha foreign perspective is truly global. A sur- exchange markets," Greenwich

was about 20 per cent below the level seen in the previous two or three quarters. three quarters. third now transact some of their mercial and investment banking, foreign exchange business erected by the 1933 Glass Steagall directly into London, and one in Act are eroded, competition for

Trading likely to rise by a quarter this year

 JAMES ANDREWS in Tokyo

TOKYO IS now as big a foreign exchange market as New York, and has long left Frankfurt far

Average daily trading volume is forecast to reach \$60bn this in 1984-85 of two rules changed year, up 26 per cent from 1987's all that. \$47.6bn. But catching up with The London, where trading volumes demand

eign-exchange market in Asia. The second had required banks ing assets overseas. Exchange controls had finally to deal with each other through The Plaza agreem

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been lifted in Japan in 1980; but one of eight anthorised foreignin the six years between then and exchange brokers. These changes 1985, average daily trading voltransformed the market, because ume rose only gradually from they widened the pool of players \$6.2hn to \$17.6hn. The abolition and deepened its liquidity.

At the same time, Japan's capital outflows were beginning to The first was the "real turn to a flood. The country's 47.6bn. But catching up with London, where trading volumes are half as heavy again, will be a different matter.

It was in 1985 that the Tokyo market started to take off and establish itself as the leading for-

The Plaza agreement of 1985, to

the United States' major trading franc-denominated assets. These partners, also helped to boost the three currencies now account for Tokyo foreign exchange market, at least 15 per cent of trading as companies and financial instivolume on the Tokyo market. tutions rushed to cover their forward foreign exchange exposure, becoming increasingly important to banks as they search for new dealing and fee income to replace The bulk of trading on the

Tokyo market, around 30 per cent Securities companies want to of it, is still in yen-dollar transac- break the banks monopoly. They tions, reflecting the underlying are going to be allowed into the dollar-denomination of Japan's new currency futures markets trade (two-thirds of its exports that are likely to be set up in are denominated in dollars and Japan over the next year, but the seven-eighths of its imports), and banks have succeeded in keeping the preference in the past for the spot market to themselves. investing institutions to hold dolinvesting institutions to hold dol- Though currency futures are lar-denominated foreign assets, the newest prospect for the

existing dollar-denominated assets to buy more of the same, devalue the dollar against the but use their yen increasingly to yen and the other currencies of buy D-mark, sterling and Swiss Foreign exchange dealing is becoming increasingly important

their declining loans businesses.

Such as US Treasury bonds.

But now yen-dollar deals are accounting for a shrinking share of the whole. Japan's hig investment issue facing the ing institutions have gone on banks' own committee that is strike against the dollar. They steering the liberalisation and use dollar income from their growth of the market.

Dealers welcome

Though companies' enthusi-asm for forex trading on their own account may have dimmed, Germany's trade-based appetite for foreign currencies remains as

the country's forex base, at the expense of other domestic centres like Düsseldorf, and, to a lesser extent, Hamburg, which remains US financial institutions, which the natural home for trading in probably remain the pacemakers of the pacemakers.

the dollar against the Deutsche Mark – the key exchange rate traded in Germany – has meant that some forex departments, so dependent on volatility, have had tronhle meeting their budgets earlier this year.
At least the flurry of interest in

francs and sterling kept some tal for their German operations dealers busy during the dollar's quieter months. Many banks the chief executive of one leading diverted their attention to DM-sterling trading, in particular when the British pound began its surge after Mrs Thatcher had market in Germany remains a decided to stop intervening and

tion later this year.
"It all goes against the funda-mentals and what our economists

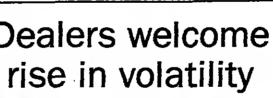
eign exchange trading are less welcome. According to draft pro-posals from the Federal Banking Supervisory Authority in Berlin, banks may have to reduce their maximum aggregate overnight cash positions from 30 per cent of

"Reducing the ceiling on over-

night positions - in itself a bur-den - means the big foreign

significant weakness. Though uncertainty ruled.

However, the dollar came back into the limelight with a venket, ostensibly by the end 1989. geance last month. After months equity options remain its priori-of relative stability in the high ty Meanwhile, forex traders want-DM1.60 range, the greenback shot ing to hedge their exposures up on the back of more favouramust continue turning to the ble US foreign trading data and a International Money Market in



HAIG SIMONIAN

in Frankfurt LAST YEAR's foreign exchange LAST YEAR's foreign exchange scandal at Volkswagen, which resulted in a DM473m loss for the group, is still dampening corporate participation in the Frankfurt foreign exchange market, according to dealers.

Nevertheless, most are confident that Germany's financial centre has not lost its position as the world's fourth biggest forex market.

Though companies' enthusi-

strong as ever. Frankfurt, if anything, has further consolidated its position as their equity capital, as at present,

certain "exotic" currencies. However, a number of other constraints beyond the VW affair have become apparent in recent months. The unusual stability of

cross-currency trading of Deut-sche Marks against yen, Swiss their positions or raise more capi-

interest rates would remain steady until the presidential elec-

in the Frankfurt market, despite the considerable strides made by their German counterparts, have concentrated on high volume trading with other banks or lead-ing German multinationals, which are virtually skin to banks in their sophisticated treasury operations. Spreads are thin and size is the name of the game.

belief among dealers that US Chicago, Liffe or Simex.



SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Friday July 15 1988



La Fondiaria in link talks with UK insurance group

Mr Alfonso Scarpa, managing Royal had a long-term strategy of director of Florence-based Fondiaria, said that Royal – the biggest UK-based non-life insurer – "initiated conversations slops with Fondiaria.

ration such as mutual assistance ance company is talking to every for policyholders; joint marketing other insurance company about a of products and even a possible variety of things in the light of of products and even a possessive symbolic exchange of minority 1992.*

Royal has had a firm policy of refusing to comment on a variety refusing to comment on a variety refusing to comment on a variety

a at

reciprocal accord with Royal and around the company in the last we are currently exploring areas six months. The most persistent of co-operation with them," he has been a story that Royal is

Royal discussions were part of insurance concern.

An intriguing aspect of yesteregy of trying to achieve joint venday's news is that Fondiaria has tures in various European maritiself had exploratory joint venday.

LA FONDIARIA, Italy's third biggest insurance group, is in talks

London were plainly embarate can owned by Royal La Fondiwith Britain's Royal Insurance tassed by the disclosure yesteration and Münchener is about 20 per cent owned by Royal La Fondiwith Britain's Royal Insurance tassed by the disclosure yesteration are in seeking alout a possible joint venture, day, but said that Royal was not in a position to make any also yesterday, a senior executive of Credito Italiano, one of with Britain's Royal management day, but said that Royal was about a possible joint venture, day, but said that Royal was about a position to make any announcement. They said that

with us six months ago."

Although Mr Scarps said negotiations were still at a "preliminary phase" he specified that the
talks concerned areas of collabo-

"We are prepared to agree a of rumours which have swirled explained. contemplating some sort of tie up Mr Scarpa said the Fondiaria- with Groupe Victoire, the French

kets ahead of the opening up of ture talks with Victoire, and with the European internal market in Aachener und Münchener, the

Italy's biggest state-owned com-mercial banks, said be could not confirm reports that the bank had held talks with Royal Insur-

He did confirm talks between Credito Italiano and La Fondiaria concerning joint distribution of financial services products such as mutual funds through the Agos distribution network owned by Meta, a financial services sub-sidiary of the Montedison chemi-

cals company.

Meta, which is shortly to be transferred to the Ferruzzi agroindustrial group in a controver-sial share deal, is the largest sin-gle shareholder of La Fondiaria, with 49.97 per cent of the insurer. Fondiaria had 1987 premium income of L2.412bn (\$1.76bn), and recorded a L96bn consolidated

group net profit, up by 1 per cent Royal Insurance had 1987 net non-life premiums of £3.02bn (\$510bn), making it the higgest of the UK's five quoted composite



Robert Golizueta: expects 1988 to be a year of strong growth

Coca Cola posts 13% increase

By James Buchen in New York

COCA-COLA, the world's largest soft drinks company, yes-terday reported a 13-8 per cent increase in net income in the second quarter thanks to solid volume gains for its main products and the lower exchange value of the dollar. Coke, which now expects to continue its double-figure earnings growth for the year as a whole, said that earnings rose 13.8 per cent over the 1987 second quarter to \$303.1m on a 9.9 per cent sales increase to \$2.31bn. Earnings per share rose more strengly, by 17.1 per cent to 82 cents, because the

company bought back shares from stockholders. Mr Robert Goizueta, chairman, said, "The excellent secend quarter results reaffirm our expectation that 1988 will be another year of strong volume and solid, double-digit carnings growth. Our core soft drinks business has never been

Shipments of soft drinks rose 5 per cent worldwide, with a 5 per cent gain in the US where Coca-Cola Classic odded volume of 9 per cent.

Overseas, volume increased 5
per cent with gains of 8 per cent in Europe and 6 per cent
in the Pacific. The 11 per-cent

In Coke's other businesses, food operations enjoyed strung gains in operating income because of efficiencies and higher volume in aseptic packages. The company's orange juice business saw volume decline in common with the

year, earnings increased 13.7 per cent to \$513.6m on a 14.5 per cent rise in sales to \$4.18bn and a 7 per cent advance in soft drinks volume. Earnings per share rose 16.8 per cent to \$1.39.

Bid threat to

By Andrew Baxter in London

THE PLANNED \$750m buyout agreement at York International, the US air conditioning and refrigeration equipment group, was in the balance last night fol-

derGeneral, a private air condi-tioning concern.

York International said Sny-derGeneral, based in Dallas, may offer \$51 per share to acquire the company. York had agreed to be acquired for \$57.50 a share by a

Raymond Snoddy analyses the philosophy of the new president at a famous Hollywood film studio

Solid profits at US banks

SEVERAL OF the leading US Chemical said the improve-bank groups reported solid prof-ment since last year reflected its in the second quarter, after higher net interest income, fees the large losses they suffered on for trust and other banking ser-their Third World lending in the same period of last year. How-ever, comparisons of the latest its. Results from foreign results with the previous quar-exchange trading and sales of ter's performance revealed only investment securities were lower modest progress since the begin than last year, while noninterest which increased by 11 per cent

\$1.98 a share in the second quarCommerce Bancshares in May, well as decreased fees from secuter. This compared with a loss of 1987. Texas Commerce showed a rities transactions. Non-interest \$1.106bn or \$21.34 a year earlier; small loss of \$4.3m, compared and a profit of \$125.5m or \$1.95 in the first quarter of this year omarter of 1988 and a loss of \$4.3m. the first quarter of this year.

Excluding the effects of Third World loan loss provisions and the associated tax benefits, Chemical said the peault in the case quarter would have year ago quarter would have been a profit of 776 in or \$1.21 a share. The latest quarter's earnshare. The latest quarter's earn-

small loss of \$4.3m, compared expenses were four per cent with a loss of \$11.6m in the first higher than a year earlier and quarter of 1988 and a loss of staff costs were up six per cent.

compared with \$1161m or \$1.03 last year excluding the effect of Third World provisions. In the first quarter of this year the company earned \$147.2m or \$1.30.

The main advance in Security Pacific's business since last year came from net interest income, relative to the second quarter of

ning of this year.

Chemical, the fifth largest US
bank group in terms of assets,
made net profits of \$127.7m or
made net profits of \$127.7m or
stage of the takeover of Texas
\$1.98 a share in the second quartitle a loss of the takeover of the takeover

Third World loans and converted others into equity, reducing its ings were 67 per cent above this Security Pacific, the sixth large total LDC exposure by \$600m in adjusted result for last year, est US bank, reported net earn—the last three months to around Chemical noted.

108 of \$1.503m or \$1.36 a share, \$1.45m.

First Boston ahead at \$43.7m

FIRST BOSTON, the Wall Street investment bank, reported net investment bank, reported net income of \$43.7m or \$1.20 a share in the second quarter of 1987 and Total expenses in the latest quarting the second quarter of this ter were \$307.6m, compared with year. For the first half of this \$222.4m in the second quarter of year, commissions were \$69.8m, 1987 and \$288.3m in the first quarter of this year. Most of the increase was attributable to repolare compared with \$41.6m in changed little from the 1987 level.

were much better than the \$13.2m or 42 cent loss announced a year earlier, following big losses in its bond trading business. But they represented only a marginal improvement on the \$42m earned in the first quarter of 1988.

Like Merrill Lynch, which reported its results on Tuesday, First Boston has experienced continuing weakness in its commission income in the aftermath of last October's crash, but has not yet reduced expenses significantly below last year's average levels.

Commissions were down to 17.5 per cent down on the level a year before.

17.5 per cent down on the level a year before.

Investment banking revenues grew strongly in the latest quarter, compared with was well down on the previous year's achievement. In the last quarter, compared with the latest quarter, compared with an in the first quarter.

Compensation and benefits, which came to \$194 lm in the latest quarter, compared with an in the sits of \$261.4m, against the previous quarter investment banking contributed \$261.4m, against the previous quarter's \$148.9m. But for bonuses, but the average level than the first six months of 1988 compensation and benefits, which came to \$194 lm in the latest quarter, compared with an its latest quarter, compared with the latest quarter, compared with the latest quarter, compared with an its latest quarter investment banking contributed \$261.4m, against the previous quarter's \$148.9m. But for bonuses, but the average level than the \$443.2m recorded the year before.

Meanwhile, First Boston's underlying expenses have

MCI buys back its shares held by IBM

MCI, THE telecommunications company that broke AT&T's hold on the long-distance telephone market, is buying out IBM's 16 per cent holding of its stock amid growing evidence that it is possed for a strong improvement in its business.

The Washington-based carrier, which is enjoying strong long-distance revenues after five years of struggle with the dominant of struggle with the dominant of the company that it is possed to be acquired for \$57.50 a share by a company wall Street enthusiasam for MCI at \$14.40, acquired for \$57.50 a share by a company backed by Chicorp Capper and growing wall Street enthusiasam for MCI at \$14.40, acquired for \$57.50 a share by a company backed by Chicorp Capper and other investors.

The deal, which values each IBM share of MCI at \$14.40, acquired for \$57.50 a share by a company backed by Chicorp Capper and growing wall Street enthusiasam for MCI at \$14.40, acquired for \$57.50 a share by a company backed by Chicorp Capper the company's stock has risen 50 per cent this year as the company backed by Chicorp Capper the company's stock has risen 50 per cent this year as the company backed by Chicorp Capper the company's stock has risen 50 per cent this year as the company backed by Chicorp Capper the company's stock has risen 50 per cent this year as the company backed by Chicorp Capper the company

FILM PRODUCER Mr Jon Peters control at MGM will be in the cent for Mr Kerkorian and 20 per ented young directors and writ-has not spent much time settling hands of film makers, unlike cent for the public. ers from the UK who may have into in his new office as president many Hollywood studies where The film producer says he never made a film in the US

Hewlett files Apple countersuit

HEWLETT-PACKARD has filed a countersuit against Apple Computer charging that the personal computer manufacturer has used and Microsoft both deny any and Microsoft both deny any countersuit is widely seen as deliberately misrepresented the similarities between Microsoft both deny any and Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft both deny any and Microsoft both deny any and Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between Microsoft programs are copies of by moving a pointer to a picture deliberately misrepresented the similarities between the misrepresented the misrepresented the misrepresented the misrepresented the misrepresented the misrepresented the misrepres countersuit against Apple Com-puter charging that the personal computer manufacturer has used fraud and trickery in an attempt to maintain an illegal monopoly with its Macintosh personal com-

against Hewlett-Packard and ficrosoft, the personal computer

copyright infringement.

of Singer's 1987 revenues of

\$1.9hn. Including s deal signed but not yet announced, he has

raised about \$1.5bn compared

with the \$1.06bn he originally

cents a share in the second quar-ter, compared with \$80m or 62

Its revenues increased to

\$2.09bn, compared with \$1.64bn.
The annualised growth of earn-

ings between the first and second

quarters, however, was only 22 per cent, while sales advanced at

The company's net margin on sales in the latest quarter was 5.7

This was well up on the 4.9 per

cents the year before.

a rate of 32 per cent.

The deal follows Plessey's

the computer industry. Apple is claiming exclusive rights to the The action is seen as an aggressive response to a copyright "look and feel" of the Macintosh interface developed by Microsoft infringement suit filed by Apple which was the first widely used HP has now escalated the legal

Microsoft, the personal computers are increase.

Unlike most computers, which are claims, derived from programs indispensable to the design of computer screen displays generated by Hewlett-Packard and of the Macintosh are controlled Kerox.

The outcome of the legal battle petition. According to industry could have broad implications for analysts, the real target of Apple's attack is IBM, which is computer to have a "graphical battle with claims that Apple's user interface." battle with claims that Apple's copyrights are invalid because

copyrights are invalid because the Macintosh displays are, it

year's stock market crash.

Mr Bilzerian has now sold businesses which represented \$1.2bn cations equipment.

equipment while Plessey's year of \$20.6m on turnover of strength is in ground communi-strength. Its internal projections cations equipment.

ESD's most significant programme is the so-called Joint Tactical Information Distribution

System, of which it is the prime

contractor. This supplies fighter aircraft with sophisticated tacti-

cal information. It has already

Plessey said the sectors in which ESD operates were expec-

ted to grow in the next decade

ESD earned pre-tax profits last

various businesses with a year earlier, Motorola said that the Communications sector's sales

advanced by 25 per cent, new orders increased by 18 per cent and backlogs advanced by 15 per

Semiconductor sales rose 29

percent, new orders increased by 27 per cent and backlogs were 20 and the court appointed custodians

quarter's 5.9 per cent.

face. Photographs attached to the Apple suit and distributed by Apple "are not representative but are the result of Apple's own contrived alteration and manipula-

tion (of HP displays)," HP claims. HP alleges that "Apple is

on turnover of \$300m in 1988.

Mr Stephen Walls, Plessey's

finance director, said that ESD's

net asset value of \$145m would be

financed through dollar borrowings, while the remaining good-will would be financed out of

Plessey will be financing the

acquisition through a mixture of cash and borrowing. The price of \$310m compares with ESD's uet

Plessey shares closed up 2%p at 169%p.

Agreement on

By Alan Friedman In Milan

AN IMPORTANT step toward a

compromise in the long-running struggle for control of Gucci, the luxury Italian shoes and fashion

accessories company, was

achieved last night.
Gucci shareholders decided to

enlarge the board of directors

from nine to 10 members, thus

giving equal representation to Investcorp, the investment bank

July, 1988

Gucci board

Plessey's cash resources.

assets of \$145m.

Plessey in \$310m US defence deal

acquisition of two other North

American defeuce contractions and is expected to be adopted by tors - Leigh Instruments of Canada and Sippican of the US - in the past nine months.

been ordered by the US Air Force and is expected to be adopted by other Nato countries.

Plessey said the sectors in which ESD operates were expected.

synergies between ESD's prod- and were unlikely to be hit by a

mouncement. cent recorded a year ago but Motorola earned \$120m or 93 down marginally on the first

PLESSEY, the UK electronics year's stock market crash. company, is paying \$310m (£183m) to buy the Electronic Systems Division of Singer, the US military electronics group. The move is a further step in Plessey'a strategy of building an international network of defence electronics companies to lessen its dependence on the UK defence

industry.

The sale of ESD also nearly completes the dismemberment of Singer. The US group, which two years ago spun off the 122-yearold sewing machine business on

Plessey said there would be
which it was founded, was
bought by Mr Paul Bilzerian, a

Plessey said there would be
synergies between ESD's prodand were unlikely to be hit i

ucts and its own. ESD specialises
alowdown in defence spendin

ESD earned pre-tax profits

gest manufacturer of semicon-

ductors, reported a 50 per cent

jump in earnings and a 27 per cent advance in sales in the sec-

However, comparison with the

first quarter results suggested some loss of momentum in the

company'a earnings and sales

during the past few months. Motorola's shares fell \$2 to \$50%

in active trading yesterday morn-

ing, shortly after the results

NEW ISSUE

Motorola jumps by 50% to \$120m BY OUR NEW YORK STAFF MOTOROLA, the Chicago-based electronics and communications company which is America's hig-

ond quarter.

on more solid ground by any

devaluation of the dollar boosted the translation of

rest of the industry.

Over the first balf of the

York buyout

lowing a counter-bid from Sny-



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munications into its two studio components were complete. Mr Peters, whose credits include The Color Purple and The Witches of Eastwick, was on his way to Pinewood Studios in Bucking-hamshire to supervise the creation of sets and costumes for his latest picture Batman, starring Jack Nicholson. Shooting for the film starts in October.

This is clear evidence that Mr Peters who expects the final Peter's appointment earlier filis.

Mr Peters who garded to Barris Industries Industrie

MGM's new lion shoots for the top

has not spent much time setting into in his new office as president many Hollywood studies where and chief operating officer of accountants and lawyers reign hopes to restore MGM to the posision of a major studie. He expects to achieve his aim by making his chairman of the MGM board and high Express, Flashdance and A specific executive officer.

Almost immediately after negotitations with Mr Kirk Kerkotian in the executive officer.

In what appeared an enorther wars complex deal, 25 per cent mount of MGM was sold to Barris Industries and Mr Peters

The film producer says he hever made a min in the objection of a major studie. He expects to achieve his aim by making his kind of pictures, such as Midnight Express, Flashdance and A Star is Born.

Star is Born.

When you haven't got a studies what pictures you returned to profit in the third of you make what pictures you can," said Mr Peters

The film producer says he hever made a min in the object and would probably be shooting some stuff in Britain."

The aim will be to increase high of pictures, such as Midnight Express, Flashdance and A spear within the next two to three year.

When you haven't got a studies what pictures you returned to profit in the third of pictures and would probably be shooting some stuff in Britain."

The film producer says he hepes to restore MGM to the position of a major studie. He expects to achieve his aim by making his kind of pictures, such as Midnight Express, Flashdance and A spear within the next two to three years.

When you haven't got a studies where the position of a major studie. He expects to achieve his aim by making his kind of pictures, such as Midnight Express, Flashdance and A spear within the next two to three years.

The film producer says he hepston in the position. He expects to achieve his aim by making his kind of pictures, such as Midnight Express, Flashdance and A spear within the next two to three years.

The film producer says he such to the position. He expects to achieve his aim by making his high pictures



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July, 1988

INTERNATIONAL COMPANIES AND FINANCE

Roche lifts sales by 10% in first half

By John Wicks in Zurich

hemicals and pharmaceuticals concern, yesterday reported a 10 per cent increase in group sales for the first half of this year to SFriisbn (\$2.75bn). In terms of local currencies, turnover improved by some 16 per cent over the corresponding period of

last year.
The Basle parent company says it expects this "positive development" to continue in the second half with what it calls a gratify-ing operational result for the year as a whole. The non-operayear as a whole. The hor-opera-tional financial sector is also seen as likely to contribute to a "further increase in profits."

In calendar 1987, group earn-ings had gone up 15.9 per cent to a record Str482m despite a 15 per cent drop in turnover to SP17.7hm.

In terms of Swiss francs, phar-maceuticals sales improved by 12 per cent in the first six months to SFr1.67bn and vitamins and fine chemicals by 7 per cent to SFr1.08bn of the overall turnover. SPri.08bn of the overall turnover.
Elsewhere, sales of fragrances
and flavours rose by 5 per cent to
SPri88m, diagnostics by 13 per
cent to SPri89m and agrichemicals and miscellaneous products
by as much as 39 per cent to
SPri88m. The instruments division shows almost unaltered

turnover of SFr254m. Roche recently announced the acquisition of Medical Laboratories Associated, a Birmingham, Alabama, clinical laboratories concern, at an undisclosed price. t operates 24 clinical laboratories in the southern states of the US, employing some 900 people.

Thyssen hints at raising dividend

By David Marsh in Sonn

THYSSEN, the West German steel and engineering group, has held out a strong hint of a dividend increase for the current year after a substantial increase in profits during the first three currents.

Although Thyssen gave no earnings figures, it said group profits for the first nine months of the year ending on September 30 were much improved with sales up 8 per cent to DM21.2bm (\$11.5bm). This favourable trend in

results will have an effect on the executive board's dividend pro-posal for 1988

For 1986-87, the company paid s
DM5 dividend per DM50 nominal
share. Net profit last year was
DM302m on turnover of

consolidated group, partly due to new accounting procedures, pro-vided one of the reasons behind the turnover increase.

Uneasy truce reigns at LVMH

In the short term, the financial deal struck at the end of last week bringing Mr Bernard Amault, chairman of Financière Agache, in association with Guin-

Agache, in association with Guin-ness as major new shareholders has strengthened the company's shareholding structure and acted as an acceptable compromise for the two LVMH parties.

But in the longer term, it has so far not settled the fundamen-tal differences in management strategy which surfaced suddenly and violently during the last few weeks between Mr Henry Racaweeks between Mr Henry Raca-mier, who heads the Vuitton camp - the single biggest share-holders in LVMH with 30 per cent of the voting rights - and Mr Alain Chevalier, the bead of the Moet Hennessy side and chair-man of LVMH.

Mr Racamier said yesterday: "Everything has gune so quickly that we have not yet worked out what will happen to the group now. But it clearly won't be the same as before. It is the end of an epoch." The continuing heavy activity in LVMH shares this week also confirms expectations of further changes and develop-ments in the future.

ments in the future.

For Mr Racamier, the affair started at the end of May when there was sudden beary buying of LVMH shares on the market and speculation of a possible hostile takeover bid in the sir.

These share movements wor-ried us and we decided to rein-force the Vuitton family hold-ing's stake in LVMH with

a major distribution and marketing partner with LVMH's wine of marketing exclusive luxury ried that these differences in approach of marketing exclusive luxury of marketing exclusive luxury ried that these differences in exclusive luxury of marketing exclusive luxury ried that these differences in exclusive luxury of marketing exclusive luxury ried that these differences in exclusi

the French group taking a simi-lar stake in Guinness.

AN UNEASY status quo reigns at the house of LVMH following the sumistice last week between the Louis Vultton and Moët Henness to Guinness buying a sum not into a new Stegram." Mr moderate stake in the company Recamier soil.

The short term, the financial would enable Guinness in a few conglomerate. "It was always my asked by Mr Chevaller to propose an alternative solution. Mr Racamier to discussified hunnry products group objections to Guinness buying a and not into a new Stegram." Mr moderate stake in the company Recamier soil.

He asknowledgess that when the financial who fitted fine viltage and Molk Hembers' consequences.

The viltage and Molk Hembers' consequences with Mr Racamier's consequences.

Mr Recamier added: The originary proper nearest less year, he had groups merged less year.



overall balance of the group.

overall balance of the group.

"It made the Vuitton people realize strongly that there were two distinct types of business activities within LVMH, each with a different philosophy and culture." He explained that the criteria for running a business-like Vuitton, which specializes in higgage, perfumes, haute conture and other hunny goods, was radically different to the wine and cally different to the wine and spirits business.

Even though Moet Chandon additional purchases. But we informed Mr Chevalier of what we were doing," he said.

At the same time, Mr Chevalier require marketing and sales techniques which are much closer to mass distribution than to the major distribution and market-individual and specific approach

the French group taking a sini-lar stake in Guinness.

Mr Racamiar immediately opposed this since he felt that it an essentially wine and spirits

Paul Betts on the aftermath of a deal struck by the French group

Racamier said.

He acknowledges that when the Vultton and Molt Hembery groups merged last yeer, he had not fully realised the fundamental differences in culture between



ing sense of frustration and irri-tation started developing at Vuit-ton, which felt the Most ton, which fell the Most. Hennessy camp were slowly trying to dominate the management of the group. Although in berms of turnover Moet Hannessy is larger than Vuitton, Mr Racamier's operations have been making a higger and bigger contribution to the group's overall condition.

At the same time, Mr Racamier says the prospects of future growth and development are more promising in the hunry products side of LVMH than in wine and spirits, which has increasingly become a mature volume business.

wolume business.

Making the attuation even more complex was the fact that the Vuitton family represented a far bigger and more united share-holding block with 30 per cent of the woting rights and about 23 per cent of the ahares while the MoEt Hennessy family shares accomming for 13 per cent of the shares and about 13 per cent of the shares and about 13 per cent of the shares and about 15 per cent of the woting rights were dispersed in several hands.

which with Mr Arnaust who three store with Mr Recember's cancer tion of the intury business.

"He was French, he ram a group with a family structure a let like ours and he was also in the luxury business with the Christian Dior, Celine and Christian Lacroix Relation bouses," Mr Recember said. There was also the possibility of linking the Dior fashion bouse with Dior perfumes owned by LVMH which Mr Recember had already discussed in a superficial way with the Myseroid Mr Arnault's group make a friendly life for a large minority stake in LVMH. But Mr Cheveller did not agree, heating this risked provoking a heatile counter bid.

Finally, after several days of greet agission, Mr Arnault and Guinness struck the deal giving Arnault and Guinness 23 per cont of LVMH held through a subsidiary of Agache. Mr Arnault's group.

The enhaldiary will be 60 per

iary of Agache. Mr Arnault's group.

The subsidiary will be 60 per cent controlled by Agache and 40 per cent controlled by Guinness, making the UK drinks group an indirect shareholder in LVMH. In turn, LVMH will acquire for about FFythe (1867m) a 16 per cent state in Guinness.

The deal restored the balance between the LVMH wine and spirits lobby and the Vuitton camp. But Mr Basamier still wonders whather it was necessary for LVMH to invest as much as FFrein in a 16 per cent Guinness state, suggesting that the monoy could perhaps have been kept for important acquisitions in other hunny goods sectors.

Thus, although a truce has

Thus, although a truce has been signed, the fundamental strategic problems of LVMH

In several hands,
After blocking the original through the coming difficult
Guinness plan, Mr Racamier was months at LVMH.

Asko surges ahead with 144% rise in sales

creative board's dividend proposal for 1988

For 1986-87, the company paid's For 1986-87, the company paid's like in 1980 nominal share. Net profit last year was discount retailer which mass aftertax carnings rose to DMSSm. Asko stares, which have recently ding Massa and SDC/Furra, rose discount chain, rose by 144 per However, the company's dividend risen noticeably to anticipation of the same period last year, he DM1.50 for preference shares.

Turnover increased to DM1.50 for preference shares.

Thyssen said extension of the DMSSm about DMSSm in Frankfurt yesterday.

The bulk of last year's sales from the company's dividend of the results, climbed DM16 to the same period last year, he DM1.50 for preference shares.

Mr Wagner predicted strong the company that came from the company's although he gave no indication of the first half of this year, exclusions that it is noticeably to anticipation of the same period last year, he company's dividend of the results, climbed DM16 to the same period last year, he company's dividend of the results, climbed DM16 to the same period last year, he company's dividend of the results, climbed DM16 to the same period last year, said.

The bulk of last year's sales from the company's dividend of the results, climbed DM16 to the same period last year, and the same period last year, and the same period last year, and the same period last year and the same period last year and the same period last year.

The bulk of this year, exclusions of the same period last year, and the same period last year, and the same period last year and the same period last year.

The bulk of this year, exclusions of the same period last year and same period last year.

The bulk of this year, exclusions of the same period last year and same period last year.

The bulk of the same period to the same period last year.

The bulk of the plant year and same period last year.

1986 if Asko's 40 per cent share in SDC/Furrs, a US retailing group.
In Helmat Wagner, chief executive, said the group intended to After-tax profits jumped to raise the dividend next year.

If Wagner predicted group boost came from the consolidation of Schaper, the group of DM15m, including Massa, while chain stores in which Asko owns after-tax profits for 1988 were set a majority stake.

GMAC Tork Amer Barberi Corpelle Service 1986 harres

oly 15, 1986 holders of company Super school Certificates will be entitled to a de-MORGAN GUARANTY TRUST CORPANY OF NEW YORK, Transport

WOOLWICH **EQUITABLE** BUILDING SOCIETY Floating Rate Loan Notes Due 1993 accordance with the terms a

conditions of the Notes, notice is hereby given that for the time months interest Period from (and incloding) 13th July, 1988 to (but excluding) 13th October, 1988 the Notes will carry a rate of interest of 10% per cent, per assum. The relevant interest Payment Date will be 13th October, 1983. The Coupon Amount per £10,000 will be £2,623-63, payable against surrender of Coupon No. 1

Humburn Rank I imitaal mbros Bank Limited Agent Bank

CITIBANKO

TENNECO

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July 15, 1988, Landon By: Chibank, N.A. [CSSI Dept.], Agent Bank

Tenneco inc



The 1988 third quarter dividend of 76¢ per share on the Common Stock will be paid September 13 to suppressions or record on August 12. About 170,000 stockholders will share in our earnings. Karl A. Stewart, Secretary

U.S. \$125,000,000 Alaska Housing Finance Corporation Floating Rate Notes Due July 2001

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July 15, 1988, London Byr Crobank, N.A. (CSSI Dept.), Agent Bank CITIBAN(

EUROACTIVIDADE AG, Vaduz



Invitation to the extraordinary General Meeting

The Shareholders of Euroactividade AG, Vaduz, are hereby convened to attend the extraordinary General Meeting which will be held on

Friday August 5th, 1988 at 10.30 a.m.

in the Hotel Savoy, Zurich with the following agenda:

Agenda

- 1. Authorization of the Board of Directors to increase the share capital of SFr. 55,880,000 - up to the maximum amount of SFr. 75,880,000 - in exclusion of the stock subscription rights of the present shareholders. The new shares serve mainly for the planned convertible bond of SFr. 45,000,000.
- 2. Alteration in the Board of Directors.
- 3. Varia.

The Shareholders who wish to attend the extraordinary General Meeting or wish to be represented by another shareholder can get their entry card either at their depository bank until July 29th, 1988 or directly at Fides, Elisabethenstrasse 15, 4051 Basel, against presentation of a bank certificate stating that their shares are blocked.

Zurich, July 15, 1988

On behalf of the Board of Directors:

The President Klaus H. Moeller

INTERNATIONAL COMPANIES AND FINANCE

Stefan Wagstyl in Tokyo reports on the Daiichi Sogo Bank affair

A frustrating test of MoF's banking control

Ministry of Finance are banging at the bank's doors in an equally frustrating attempt to discipline

The affair highlights the limits to the legendary ability of the Japanese Ministry of Finance to control the activities of the country's financial community. Mr Chihiro Kobayashi, the bank's aggressive chairman, has publicly apologised for its involvement in funding unsavoury property deals. But he is resisting pressure for his resignation — in an unprecedented challenge to the ministry's authority.

Mogami circumvented a requirement that all sales of parcels bigger than 2,000 square metres must be reported by dividing a tour than the officis of Datichi's location. These the ministry bank's capital. At a general sogo last wee apologised to the ministry's authority.

Electric tops

expectations

By Our Financial Staff

FURUKAWA ELECTRIC, the Jap-

anese wire and cable maker which has a superconductivity thoup with Oxford Instruments of the UK, lifted group net profit 23.1 per cent in the year to March to Y14.46bn (\$109m) from Y11.75bn.

This is more than double the Y7bn earlier expected. The previ-ous year included Y17.5bn in spe-

cial gains, largely from land

bled to Y1.8bn from Y551m.

Furukawa

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ere grg

b. Mara

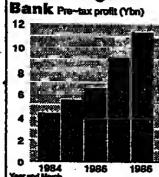
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1.0

EARLIER this year a man reports that Daiichi was making rammed a dumper truck full of unusually large loans to Mogami rocks into Daiichi Sogo Bank's Kosan, a property company with rocks into Daiichi Sogo Bank's main branch in Tokyo in a vain protest at at the bank's lending month Mogami's president and its chairman pleaded guilty to selling land worth Y20bn in Shinjuku, one of the highest-priced districts of Tokyo, in violation of the bank's doors in an equally

frustrating attempt to discipline frustration frustrat



placate the Finance Ministry old loyalties to have its way in which, according to Japanese arguments with banks. The direcnewspapers; has been trying to tors of many banks are ex-minis-remove Mr Kobayashi since 'try officials who joined commer-March. Mr Kobayashi asked cial companies after long careers shareholders to put their faith in as public servants. This "old boy" a management reorganisation network is one of the most imporwhich he carried out in in late tant webs which link together May. The hanks' critics argue the Japanese financial commu-that this resbuffle only served to reinforce Mr Kobayashi's own However, Datichi's Mr Kobay-

osition. ashi is a commercial banker who Mr Kobayashi's main defence came to power in 1984 by replac-Mr Kobayashi's main defence is that the ministry has yet to charge the bank officially with ministry man. Mr Aoki's departure signalled an end to a close law, under which banks are regulation between Daüchi and the ulated. Moreover, he can point to patichi sogo's sparkling perforture signalled an end to a close class of Daüchi's loans to any single customer. These limits are set by the ministry in relation to a bank's central.

Mr Kobayashi's main defence came to power in 1984 by replacting the ministry has yet to ministry man. Mr Aoki's departure signalled an end to a close relation between Daüchi and the ministry which dated back 30 years to a time when the ministry being the pear to March. Daüchi has a reputation for having the best paiken Sogo affair and the case operating margins of any sogo of Heiwa Sogo, which had to he

bicly apologised nor its involvement in funding insavoury property deals. But be is resisting pressure for his resignation — in an unprecedented chellenge to the ministry's authority.

Moreover, the case has apoused mounting public anger because of a belief that the recent huge increase in land prices in Tokyo and other cities has been fuelled by heards greedily seeking new business.

The inch Sogo has forficied the trust of the Japanese banking.

A ministry official decined to the ministry in relation to a reputation for naving the best operating margins of any sogo of Heiwa Sogo. Which had to be taken over in 1986 by Sumitomo Sogo has tweek, Mr Kobayashi in the same and prices in Tokyo and other cities has been fuelled by banks greedily seeking new business.

The inch Sogo has forficied the comment directly on the case. However, the inspectors are understood to have studied chairman of tha Federation of Japan. However, the inspectors are understood to have studied chairman of tha Federations of Japan.

The story began last year with it capital station and plans to finish its report some and the deal, but not case the ministry in relation to a bank as suffered any sogo destinated by Sumitomo and prices in Tokyo and prices in Tokyo and other cities has been fuelled by bean and other cities has been fuelle operating margins of any sogo of Heiwa Sogo. which had to be (mutual) bank.

If the bank has suffered any damage as a result of the roughly banks, under the direction of the

Xenel plans first Saudi aluminium smelter

sales. These were reduced to Y8bn this time while foreign exchange losses more than tre-However, operating earnings grew 385 per cent to Y37.9bn on sales 11.2 per cent higher at

the plant — to produce 240,000 Kenel's prospectus invites partonnes a year (t/y), expandable to 360,000 t/y — to hundreds of potential private sector investors, mostly in Saudi Arabia.

The plant would almost double existing Gulf aluminium Capacity of 320,000 t/y which comes from Aluminium Bahrain and Dubal Aluminium. Another smelter, with a capacity of 180,000 t/y is planned in Qatar. All are in zones to the Royal Commission for Jubail on the Gulf.

Some 40,000 people have already moved to Yanbu. The talled plans by Riyadh-based National Industrial signatures in India to produce light commission's target is for some plant using technology from Aluminium Company of America working there by the early 1990s.

The venture is very much in line with plans by Arabian peningular governments to secure principles. Mr S. Moolgaokar, Telco chairman working there by the early 1990s.

The venture is very much in line with plans by Arabian peningular governments to secure principles in manufaction in a new company, already moved to Yanbu. The commission's target is for some laft dozen Japanese automotive giants forming joint ventures include plans by Riyadh-based National Industrial ventures include plans by Riyadh

SAUDI ARABIA'S Kenel Industrial, a leading diversified group owned by the Ali Reza family of Jeddah, is spearheading plans to build a \$750m aluminium smelter — the kingdom's first — at Yanbu industrial city on the Red Sea coast.

Xenel employs some I4,000 people and had 1986 sales estimated at SR3bn (\$800m). It has reportedly sent a draft prospectus on the plant — to produce 240,000

Accessible to cheap energy. Natural and Yanbn, the landlord, on terms for a site. The commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah Bin Faisal Bin Turking Al-Saud, last week welcomed the initiative. He said the commission's secretary-general, Prince Abdullah B

Hindustan **Motors** pushed into the red

By R.C. Murthy in Bombay

COMPETITION IN the Indian car market pushed Hindustan Motors, part of the Birla industrial group, into a loss of Re26.9m (\$1.93m) in the year to March against a profit of Rs28.8m a year

Relaxations in import regula-tions and increased local produc-tion by Indo-Japanese ventures put pressure on profit margins of the Calcutta-basad company rose 15 per cent to Rs4.3bn but operating profit slipped to Rs326.5m from Rs339.3m. Provision for interest and

depreciation increased. Despite falling into the red, Hindustan Motors is to pay a 7.5 per cent dividend, down from 10 per cent, by drawing on reserves.

Hindustan Motors also makes Trekker cross-country vehicles as well as earthmoving equipment.

 Mr Ratan Tata has been appointed executive deputy chairman of Tata Engineering and Locomotive Company (Telco), India's largest commercial vehicle producer and second larg-est private sector company with sales of more than Rs10bn.

This is the first major assignment for Mr Tata after he was named some six years ago by Mr Jehangir R.D. Tata to succeed him as head of the Tata industrial group. Mr Ratan Tata is a distant relation of the elder Mr Tata, who relinquished executive positions at the group's companies in favour of professionals as an interim arrangement.

During the slow transition, Ratan has managed several Tata high technology companies in electronics, computers, telecommunications and oil drilling.

He will be in charge of research and development at felco, which is considered crucial for the company as the com-mercial vehicle market has become highly competitive with some half dozen Japanese auto-motive giants forming joint ven-tures in India to produce light

U.S. \$30,000,000



ZENTRALSPARKASSE **UND KOMMERZIALBANK-WIEN**

Floating Rate Subordinated Notes Due 1991

Interest Rate

811/16% per annum

15th July 1988

17th January 1989

Interest Period Interest Amount per

U.S. \$5,000 Note due U.S. \$224.43 17th January 1989

Credit Suisse First Boston Limited

Nationwide Anglia Anglia

£100,000,000 Floating Rate Notes Due 1998 (Issued by Anglia **Building Society**) Notice is hereby given that the Notes will bear interest at

107/16% per annum from 14 July, 1988 to 14 October, 1988. Interest payable oo 14 October, 1988 will amount to £131.18 per £5,000 Note and

£6,559.08 per £250,000 Note. Agent Bank: **Morgan Guaranty Trust** Company of New York

Wells Fargo & Company U.S. \$100,000,000

Floating Rate Subordinated Notes due July 1997

In accordance with the in accordance with the rovisions of the Notes, notice is hereby given that for the Interest period 15th July, 1988 to 17th October, 1988 the Notes will carry an Interest Rate of 8% per annum. Interest payable on the relevant interest payment date 17th
October, 1988 will amount to
US\$220.31 per US\$10,000 Note
and US\$1,101.56 per US\$50,000
Note.

Agent Bank: Morgan Guaranty Trust Company of New York

U.S.\$75,000,000 The Bank of New York

Overseas Finance N.V. **Guaranteed Floating Rate Subordinated** Notes due January 1996

naily Guaranteed, on a Subordinated Bar Payment of Principal and Interest by The Bank of New York Company, Inc. (Incorporated in New York, USA)

Notice is hereby given that the Rate of Interest has been fixed at

8-25% p.a. and that the interest payable on the relevant Interest Payment Date, October 17, 1988, against Coupon No. 19 in respect of U.S.\$ 10,000 nominal of the Notes will be U.S.\$215-42.

July 15, 1988, London By: Citibank, N.A. (CSSI Dept.), Reference Agent CTIBANCO

14th July, 1988

This announcement appears as a matter of record only. 14th July, 1988



(Incorporated in the Kingdom of Sweden)

U.S.\$50,000,000

94 per cent. Notes 1993

Issue Price 1013/4 per cent.

Yamaichi International (Europe) Limited

Norinchukin International Limited

PKbanken

This announcement appears as a matter of record only.

New Issue

Bergen Bank A/S (Incorporated in the Kingdom of Norway with limited liability)

U.S.\$50,000,000

9½ per cent. Notes Due 1993

Issue Price 1011/2 per cent.

Yamaichi International (Europe) Limited

Bergen Bank A/S

Taiheiyo Europe Limited





These securides have been sold outside the United States of America and Japan. This ann

MUTOW CO.LTD.

U.S.\$50,000,000

41/4 per cent. Guaranteed Bonds 1993

Warrants

to subscribe for shares of common stock of Mutow Co., Ltd. The Bonds will be unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

Issue Price 100 per cent.

Nomura International Limited New Japan Securities Europe Limited

Shizuoka Finance (H.K.) Limited Barclays de Zoete Wedd Limited **Credit Suisse First Boston Limited** Robert Fleming & Co. Limited Morgan Stanley International Société Générale

Wako International (Europe) Limited

New Issue (Asian Tranche)

Fuji International Finance Limited J. Henry Schroder Wagg & Co. Limited

Sanyo International Limited Baring Brothers & Co., Limited Daiwa Bank (Capital Management) Limited Merrill Lynch International & Co. SBCI Swiss Bank Corporation **Tokai International Limited**

Yamaichi International (Europe) Limited

All these securities having been sold; this announcement appears as a matter of record only.



ARABIAN OIL COMPANY, LTD.

U.S. \$100,000,000

4 PER CENT. GUARANTEED BONDS DUE 1993

WITH

WARRANTS

TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF ARABIAN OIL COMPANY, LTD. THE BONDS WILL BE UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

The Industrial Bank of Japan, Limited

ISSUE PRICE 100 PER CENT.

IBJ Asia Limited

The Nikko Securities Co., (Europe) Ltd. Nomura International (Hong Kong) Limited

Jardine Fleming (Securities) Limited Sanwa International Finance Limited Sumitomo Finance (Asia) Limited

ANZ Securities Asia Limited Baring Brothers & Co., Limited Daiwa Securities (H.K.) Limited **KOKUSAI Securities (Hong Kong) Limited** Morgan Grenfell Securities Limited Nippon Credit International (HK) Ltd. Taiyo Kobe Finance HongKong Limited

Morgan Stanley Asia Limited Schroders Asia Limited Yamaichi International (H.K.) Limited

Barclays de Zoete Wedd Asia Limited **BOT International (H.K.) Limited** Kleinwort Benson Limited Mitsui Finance Asia Limited New Japan Securities International (HK) Ltd. Sogen Asia Limited Tokyo Securities Co.. Ltd.

WestLB Securities Pacific Limited, HongKong

RHM to launch CP ргодтатте for £150m

14th July, 1988

By Stephen Fidler, Euromarkets Corre

RANKS HOVIS MacDougail, the British bakery and food group for which the Australian food group Goodman Fielder Wattie is considering a take-over bid, said yesterday that it had launched a £150m sterling connertial paper programme. The programme, which the company said was uncon nected with the possible unwelcome hid, was arranged by Morgan Grenfell with Bar-clays de Zoete Wedd, County NatWest and Midland Montagu

Natwest and Midland Montagu also appointed as dealers.

Mr Richard Endacott, group financial controller and treasurer, said the company believed that the market had reached sufficient maturity for a programme, which will be used in conjunction with a £250m multi-option facility, to be useful.

He said he believed it would be of particular use in manag-ing the company's cash requirements of less than one month, where alternative marmonth, where alternative mar-kets such as that in accep-tances would be of less use. In the Eurocommercial paper market, Rissho Iwai, the Japanese general trading firm, has arranged a \$200m pro-gramme, guaranteed by Sanwa

Dealers will be Shearson Lehman Hutton, which arranged the programme, Industrial Bank of Japan, Kleinwort Benson and Swiss Bank Corporation Investment banking.

Bank of America has arranged a \$150m programme for DLG, the Danish manufac-turer and trader of agricul-tural products, with Citicorp and Chase Investment Bank also acting as dealers.

Finland plans tough insider trading law By Our Financial Staff

FINLAND is planning its first law on insider trading and has proposed in a new bill that offenders could be imprisoned

The Helsinki Stock Exchange has so far policed itself but the growth of the market and of international, participation along with the need to restore investor confi-dence has made it necessary to propose the new law, the Jus-tice Ministry said.

Mr Matti Louekoski, the Jusgrowth of the stock market, insider trading is felt to be an increasingly significant prob-lem which has to be dealt with through legislation. The Securities Markets Act,

to be presented to parliament as a bill in the autumn, would be the first Flunish law on stock exchange trading. The bill defines insiders and proposes a register of the shares they hold, the ministry said. "The aim of the prope

bill is to promote a favourable development of the stock market in a way that is accep to all parties involved," Mr Louekoski said.

"The need to restore inves-tor confidence is considered to be of the utmost importance in this connection."

US banker calls for 50% margin levels

A PARTNER in Lazard Freres and Company, the Wall Street investment bank, yesterday turged uniform margin levels for options, futures and stocks be set at no less than 50 per cent, Reuter reports from New

In written testimony prepared for the House Sul mittee on Telecommunica and Finance, Mr Felix Robstyn said curbing speculation and promoting investment should promoting investment should be the objective of market reform to prevent a repethe October crash.

Corrections DSM profits

DSM, the Dutch state-owned chemicals group, has been in profit for many years. Tuesday's article wrongly implied that its II 422m net profit for 1987 brought a run of recent losses to

Saudi NCB

NATIONAL COMMERCIAL Bank of Saudi Arabia, which announced zero net profits for the year to last August, made SR79.98m (\$21.3m) the previous year rather than SR779.9m as reported in the Financial Times of June 27.

Higher primes unsettle prices across the board

A MOVE by the major US banks pon of 13 per cent which was to raise prime lending rates to considered on the tight side given 9% per cent from 9 per cent current average yields in the secdencessed Surodollar bond prices ondary market. Bill is a retailand contributed to a nervously easier tone across the board in goes well in the Australian dollar the Eurobond market yesterday.

Sentiment was undermined by Wednesday's falls in the US Treasury market, but bond prices outstanding paper from the barwer supported by limited short rower. Only moderate interest in covering ahead of today's US the bond was detected as many of trade report. However, trade covering ahead of today's US trade report. However, trade remained patchy and generally thin before the data. West German dealers said the

Sundesbank was also awaiting

the trade figures before raising interest raises, and its failure to do so at yesterday's regular council meeting did not lend any compart to the market. Bond prices ended easier where changed.

Wednesday's DMilton floating-rais note for Descher Renk con-Wednesday's DMibn floatingrate note for Dresduer Rank continued to see steady demand and
was bid at a discount comfortably within its total fees. The
issue initially attracted substantial attention with most dealers
surprised that Dresduer had chosen this route to raise floatingrate funds. However, the issue
reportedly formed an important
part of the complex swap package arranged by Credit Suisse
First Boston for its 5thm Italy
dollar straight last week. CSFB
officials could not confirm these
reports.

INTERNATIONAL

the sector's traditional retail cus-tomers from the Continent are absent on holiday. It was bid at a discount of 1.80, outside its total

fees.

The secondary Australian dollar market has been languishing of late with investors' attention focused on the US dollar. Most institutions appear to be happy with their current exposure to the Australian market and will probably not radically alter their positions until the currency weakens.

Westerns, Nikko Securities led a \$100m deal with warrants for Japan's Daido Steel. The coupon on the four-year deal is indicated at 4% Ente Ferrovie dello Stato, Ital-

ian railways, became the first Ralian state borrower to tap the reports.

Salomon Brothers International led a A\$75m issue for IRM Anstralia. The four-year deal was priced at 101% and carried a course, both jointly lead man. Neither will trade widely.

aged by Banca Commercials Italians and Banco di Roma. Special authorisation from the Bank of fizzy was needed for the issues which dealers said reflected the growing maturity of the Euroline market. In the past, listing domiciled borrowers had not been encouraged to utilise the sector as the authorities were eager for it to develop a truly international character.

international character.

The deals are both guaranteed by fialy. Banco di Roma is the book runner on the straight bond which is pitched at 10% per cent and 101. Banca Commerciale lialiana is running the books on the floater which is priced at par and on which interest will be paid on one of two bases — either is per cent per annum over the sixone of two bases — either & percent per annum over the sixmonth Eurolite London interbank offered rate or the simple gross yield on six-month Treasury bills plus 0.50 per cent. The latter will apply where the rate on the first is higher than the second by 0.25 per cent per annum.

In Switzerland, Coles Myer Finance, an Australian retail group, issued a SF160 seven-year bond at 4½ per cent and 100½ via Swiss Bank, Corporation. The issue was bid at a discount of 1½. Late in the day, IBJ International led a two-tranche total Y8hn five-year deal for Girozantrale Bank Vienna. The first Y8hn tranche carries a 5½ per

BHF plans to raise DM142m

BY OUR FINANCIAL STAFF

BERLINER Handels and Frankfurter Bank (BHF), the West German merchant bank, plans to
raise DM142m (\$77.2m) through a.
rights issue at DM320 a share.
The shares changed hands in
Frankfurt yesterday at DM412.

The issue, on a one-for13 basis,
will run from August 12, it will
involve the issue of 44.28m shares
an increase nominal capital to
DM244.52m. The new shares will

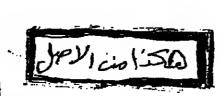
have entitlement to 1988 divitical operating earnings tumbling
by 21 per cent to DM140m. Total
operating profits also fell but not
eseds of the rights issue to
more than DM1.25bn. At that
recovered to show a 13 per cent
improvement. BHF said yester
than 7 per cent of the bank's balinvolve the issue of 44.28m shares
an increase nominal capital to
DM244.52m. The new shares will

Last year the BHF group suf-

FT INTERNATIONAL BOND SERVICE

isted are the latest international bonds for which there is a	Closing prices on July 14
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Ferranti hits £68m and confident over Zonephone

SIR DEREK Alun-Jones, chairman of Perranti International Signal, yesterday predicted a resplendent future for Zonephone, the company's cordless tolephone, which is to be unleashed later this year as a cheap competitor to callular telephones such as Racal's Vodatone.

Speaking as Ferranti revealed its first set of full year figures since last Autumn's merger with International Signal & Control, US-based defence contractor, Sir Derek said that Zonephone was likely to lose around £3m a year for the first two years - but

for the first two years — but could eventually generate profits of \$50m a year.

This would be a vast amount for a group which yesterday reported pre-tax profits up from \$50.2m to \$58m for the year to end-March, including a 4% months contribution of \$22.9m

Sir Ahm conceded - and many

Sir Ahm conceded — and many influstry observers agreed — that the accuracy of his prediction was circumsribed by mimerous as yet imponderable variables.

At present awaiting regulatory approval, the Zonephone will be a pocket-sized rival to the likes of Vodafone, designed for home and office use — and in the open air, so long as the caller is within 200. so long as the caller is within 200 yards of base points which pro-vide a link to the British Telecom yards of base points which provide a link to the British Telecom network. These will be located in 80 to 20 per cent in favour of

airports and on trains, as well as defence.

on the sides of building.

Sir Derek said yesterday that final dividend of 1.608p is proposed, making 2.328p (1.94p) for between £100 and £150, which ingly well. He accepted that

Newspapers Holdings from £29.1m to £16.8m before tax in the

Profit before exceptional items

and tax was £35m, 21 per cent np oo the equivalent figure of £29m and ahead of most City expecta-

However, some £19.3m of costs
- slightly offset by property and
Eurobond profits of £1.1m -

were taken above the line. Associated said those costs were likely to continue at a similar level in the second half of the year as part of the £250m total

half-year to March 31.

1142

110

Ferranti Share Price relative to the FT-A All-Share Index

compares to the basic price of £700 to £800 for a cellular model. The call rate, too, is likely to be substantially lower.

1988

Sir Derek yesterday declined to quantify the potential size of the market for the product, one which is-likely to be fought over by other manufacturers of low-

portion of its profits emanating from civil rather than defence.

Assoc Newspapers cut to £17m

REDUNDANCY AND development costs connected with the relocation of the Daily Mall, Mail son Sunday and Evening Standard cut interim profits at Associated cut interim profits at Associated supposed from 16p to 8.2p; then forecast trading profits and favourable perceptions of Associated to the sale of investments. The forecast trading profits and favourable perceptions of Associated on Sunday which continoes to threaten the Sunday Express.

(2p) was declared. Net profits at Daily Mail and General Trust, which owns 49.95

per cent of Associated Newspapers, dropped from £11.7m to

26.48m in the same period. Earn-

ings per share rose to 23.5p (21.1p) and the interim dividend

Net asset value dropped from 542.84 to £38.27 per ordinary and

year as part of the £250m total cost of relocation and redundancies. Associated's shares thopped to close at \$350 last night.

In the comparable period in 1986-87, Associated incurred costs in these figures was some what unexpected, but surprise could find their patience hand-offset by a ron-recurring \$748m.

offset by a non-recurring £34.8m was partially offset by better somely rewarded.

Profit before tax

Earnings per share

Ordinary dividend

was raised from 21p to 22p.

Earnings per share after excep-tionals dropped from 169 to 8.20; before exceptional items, earn-ings showed a 16 per cent. Forecast full-year profits of over increase to 17p (14.7p) per share. Forecast full-year profits of over increase to 17p (14.7p) per share. Forecast full-year profits of over increase to 17p (14.7p) per share. Forecast full-year profits of over increase to 17p (14.7p) per share. Forecast full-year profits of over the shares on a prospective profits of the shares on a prospective profit.

An interim dividend of 2.25p put the shares on a prospective p/

The Rank Organisation

Interim Results - 1988

of Empire **Stores** there had been a massive "tidy-ing-up" exercise in the ISC bal-ance sheet, giving rise to an By Maggie Urry and

increase in the provision for lia-bilites and charges in the group balance sheet from £16.3m to La Redoute, the leading French mail order group, chose Bastille Day to announce £72.8m. Under acquisition accounting, this had no impact on the profit and loss account.

To some extent, the write-offs at ISC - which related in part to a write-down of work-in-progress and stock - were offset by a \$20m (£11.8m) upward revalua-

pany assured Empire that it was not proposing to storm the citadel by launching a bid. Rather it is hoping for co-oper-ation between the two companies. However, La Redoute reserves the right to make a hid if a third party should make an offer.

tion of ISC property assets.

Properties of the former Fer-

ranti companies were revalued upwards by another £38.8m. Nev-

ertheless, with net borrowings of £145.6m (£23.9m), the group's

gearing rose from 11 to 42 per

(£628.7m), £584.7m (£556m) came from the former Ferranti husinesses, on which profits edged up from £56.1m to £57.4m.

With an order book of filbn at the end of the year, Sir Alun said that the company looked forward with confidence, particularly in view of the anticipated benefits of the alliance with ISC.

There was an extraordinary loss of £21.3m, the bulk of which arose on the £30m disposal of the

company's semi-conductor busi-

ness to Plessey last Autumn. Reflecting the share issue to

buy ISC, earnings advanced by 10

e of about 13. For investors, the

question is whether this takes account of benefits to come from

the move out of Fleet Street and

the sale of Associated's Carmelite House and neighbouring proper-ties. However, on an 18-month view Associated still looks a bet-

ter bet than principal rival United Newspapers, in terms of sound asset backing and earn-ings. Associated's editorial and

28 weeks

ending 14.5.88

from Vendex, Dutch retail group, which had in turn bought it from Great Universal Stores in 1984. GUS controlled a 29.9 per cent stake when it

hid £37m for Empire in 1982. That agreed merger was

GUS still retains a 12.25 per cent stake in Empire. Gecos, an Italian retailer, has a 19.65 per cent holding built up since 1984 when Empire placed some theres with Gecos and another

chairman, said the two could work together on buying, systems and software as well as credit control. Empire might offer UK customers French-style fashions, and La Redoute could launch a catalogue of British clothes.

Empire suffered a setback in

La Redoute has an estimated 24 per cent of the French mail order market with sales of FFr 10.7bn (£1bn) in the year ended February 1988. It also owns Vestro, the second largest Italian mail order comcent of that market.

28 weeks

ending 16.5.87

22.6p

7.25p

La Redoute buys 19.9%

that it has acquired a 19.92 per cent stake in Empire Stores, the last remaining independent UK mail order company. However, the French com-

stopped by the Monopolies and Mergers Commission and GUS was required to reduce its

GUS still retains a 12.25 per

Italian group at 80p.

It is thought Vendex had decided to sell because it was disappointed that little had come from the association

It was also showing a sub-stantial profit on its shares which have been buoyed by bid rumours for some time. They closed yesterday at 255p, up 10p, valuing Empire at just over £99m.

Mr John Gratwick, Empire

profits in the year ended Jamary 1968, with the pre-tax figure down from £8.9m to £7.9m. According to Verdict

research the company's share of the UK market has fallen from around 7 per cent in the early 1980's to 6 per cent now. Mr Gratwick said the current year had started well.

Roderick Oram on the background to Plessey's US purchase

Singer deals put lanky kid on song

corporate raider. Every takeover he tried failed,

though he often profited handsomely from greenmailing targets into buying back his shares at a

premium. Scepticism of his motives and talent peaked after last October'a crash when he was one of the first raiders to wade back into the market. His prey was Singer, America's first great multinational which, since the spinoff of its 122-year old sewing machine business in 1986, consisted largely of a bundle of military

ONLY THREE years ago a lawsuit described Mr Paul Bilzerian, briefly a feared raider, for the
then 34, as "an obscure individual
of indeterminate means".

Looking like a lanky kid trying
to act the big guy, Wall Street
could not take him seriously as a
corrected raider.

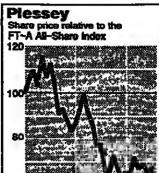
more than \$1bn of debt and interest payments of about \$10m a month, Wall Street wondered if he could carve up Singer quickly enough to stave off a cash

He finished recouping his out-lay yesterday with the sale of an electronics division to Plessey for \$10m and a military signals business to Hadson of the US for \$145m. And he still has lots more

The finrry of disposals announced in the past few weeks cover companies which contributed about \$1.2bn of Singer's 1987 revenues of \$1.9bn. In addition to

business in 1986, consisted largely of a bundle of military electronics companies.

Singer, unable to woo a white knight, eventually agreed in December to Mr Bilzerian's \$1.95n. In addition to yesterday's deals, they include flight simulators sold to CAE thousands flight simulators flight simulators flight simulators flight simulators flight simulators flight simu



\$325m. Including a deal signed but not yet announced, Mr Bilzer-

1987

electronics company, Dalmo Vic-tor which makes radar warning receivers and a meter manufac-

Singer will live on, however, as a vehicle for further acquisitions funded by the large profits it looks as though Mr Bilzerian will

It will take a while though for money and new-found fame to win Mr Bilzerian a better press. US media have been full of reports, for example, of Securities and Exchange Commission inves-tigations of his share dealings and takeover financings.

Continuing the move into world defence

"WE HAVE no alternative - we the past nine months. Two of the not expect the Pentagon to block contractor for an advanced competither go forward or we sell," was previous, Sippican of the US and the latest deal as ESD's involve munications system, which prohow Sir John Clark, chairman of Leigh Instruments of Canada, ment in black projects is minieither go forward or we sell," was how Sir John Clark, chairman of Plessey, yesterday explained his company's acquisition of the Electronic Systems Division of Singer, US defence electronics,

company, writes Hugo Dixon.

The \$310m purchase forms part of the UK electronics company's strategy of creating an international network of defence elec-

It is the fourth, and much the Harris was involved in top-secret, largest acquisition, by Plessey in or "black", projects. Plessey does electronics systems. It is the lead significant percentage.

were also inthe defence electronics sector. The third was the acquisition of Ferranti's semiconductor business.

The purchase of ESD also follows the Pentagon's refusal last year to allow Plessey to buy Harris Corporation, another US fence electronics company.

The moves are indications of Plessey's desire to reduce its reliance on the UK defence industry. The reliance became more pro-nounced with the merger earlier this year of its telecommunications operations with GEC, UK

This system, known as the Joint Tactical Information Distriby the US Air Force and is also expected to be supplied to other countries throughout NATO. Plessey expects the total pro-

Dominion 21% up at £2.3m

Domino Printing Sciences, manufacturer of ink jet print-ers and inks, achieved a 21 per cent increase in pre-tax profits to £2.27m in the 26 weeks to May 1 1988.

Turnover was £15.1m (£8.1m), operating profit £2.09m (£1.8m), interest receivable £188,000 (£52,000) and after tax of £796,000 (£656,000) earnings were 7.4p (8.29p). The interim dividend is 1.5p (1.2p). Directors said sales in

Europe and the Far East con-tinued to develop strongly.

Kleen-E-Ze

Improved trading by the industrial activities resulted in Kleen-E-Ze Holdings, maker of brushes and cleaning products and energy-saving devices, £1.16m for the 12 months to March 31, against £920,000 for

the previous 12 months.
Turnover was £19.06m
(£17.42m) and earnings per
share were 26.2p (23.77p). The
year end has been changed to
August 31 and an interim payment of 6p is being made; a final of 6p is forecast. For the previous 12 months there was

SW Wood at £1.5m

a single final payment of 6p.
The results for the full 17month period will take into
account £396,000 costs of
advice in connection with the
change in control of the company and a further amount, estimated at £340,000, for reorganisation costs following the merger with NSP Group in April this year.

Under its new board, the S.W. Wood Group achieved its best year ever, with pre-tax profit at £1.5m. There is a return to dividends with 2p.

The group, which reversed into Braemar Commodities against £613,000.

last September, now consists of three divisions: metal trad-ing, aluminium smelting and property development.

Prospects for the current

year were excellent, Mr Jer-emy Taylor, chairman, stated. He was confident that all divi-sions would maintain strong organic growth.

The profit compared with a loss of £282,000 before exceptional credits of £464,000 last time. Earnings were 16.8p (1.8p). Previous dividend was 1p for 1984-85.

Dewhurst up 36%

Pre-tax profits of Dewhurst, manufacturer of of electronic control equipment, rose by 36 per cent to £315,007 for the six months to March 27 1988. Turnover was £3.06m (£2.53m). Earnings per 10p share came ont at 2.85p (2.34p), The interim dividend is 6.58p (0.47p).

Energy Capital

Reduced pre-tax losses of 243,000 against £94,000 were announced by Energy Capital, oil and gas explorer and pro-ducer, for the six months ended March 31 1988. A onefor-one rights issue is also proposed, to raise £3.5m. Turnover jumped to £108,000 (£22,000). The improved result was primarily due to the acquisition of exploration and development leases in the US.

Low & Bonar advances 19%

IMPROVED TRADING margins totalling £52m over the last three in many of Low & Bonar's areas years were beginning to bear of activity – plastics, packaging fruit.

A number of new projects, and textiles in the UK, continen.

A number of new projects, tal Europe and North America -

31 group sales rose by 12.8 per cent to £161.2m. However, excluding the sales and profits from the electronics division, the £35m ing profits by 52.8 per cent to rose.

charge was £1.6m (£1.2m). Mr Roland Jarvis, group chief Textiles showed a profit increase executive, said that of the profits from £1.4m to £2.7m-and margins rise in continuing operations, one fifth came from acquisitions.

A number of new projects, would come on stream in the sechelped the group's interim profits ond half, which would be signifi-to rise by 19.2 per cent to £9.6m. cant contributors to next year's profits. Investment would continue at around £20m a year, Mr There were setbacks in two

areas, packaging in Europe and, plastics in North America. Howdisposal of which will be com-pleted this month, sales rose by ever, operating margins across 24.9 per ceot to £136.8m and trad-the three continuing divisions all

12.1m. In packaging profits were up The electronics side incurred a from £4.7m to £6.5m, and margins loss of £930,000 compared with a from 5.8 to 7.1 per cent. in plas-£1.3m profit, and the interest tics profits were £2.1m (£1.2m) and margins 9.7 (8.1) per cent.

These figures may mark the end of the takeover speculation surrounding Low & Bonar's shares, rumours Mr Jarvis dismisses as a red herring anyway. But investors have a while longer to wait for results which show Low & Bonar trading at full potential. The group has scope to raise margins a fair bit more, and will be helped in that aim if polymer prices, which rose sharply last year, settle down for a while. A virtually ungeared balance sheet, once the money from the disposals comes in, means acquisitions should be coming. This year's profits will feel the lack of some one-off benefits last year, such as a pension fund holiday, but should reach £22m pre-tax and the rest from organic growth. per cent to 7.8p. The interim diviHe said that capital investments dend is increased from 1.85p to a while.

Broadwell £19m loan

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

It signed an £18.6m loan facility with British & Common wealth Merchant Bank to cover the infrastructure and the 123,000 shares began trading at 158p and

Broadwell Land's debut on the stock market yesterday coincided with the signing of financial Wharf, involves the building of agreements for a 750,000 sq ft 16,000 sq ft of residential units, mixed project on the south bank of the Thames in Battersea – the group's biggest property development so far.

16,000 sq ft of residential units, mixed project on the south bank of the Thames in Battersea – the group's biggest property development will be spread over five phases.

spread over five phases. Broadwell's debut on the mar-

Norfolk House rises to £1.5m

Norfolk House Group, petrol sta-House. Turnover increased from tion and service area developer £1.98m to £20.51m. and operator, reported pre-tax. Earnings per 5p share were profits of £1.5m for the six 9.37p (4.03p) and an initial months to end-March 1988 interim dividend of 0.75p is being

The results, the first published man, said that with a larger prosince the company joined the portion of profits expected in the USM in February, included a first second half the rest of the year contribution from Landware was seen with confidence.

sq ft first phase of the develop-ment. The loan has been syndi-cated among European banks. closed at 175p - 20p above the issue price. The share offer had been over-subscribed 7.3 times.

paid. Mr Thomas Harrison, chair-

Era snaps up

camera retailer **By David Cohen**

Era Group, furniture and hobbies retailer, is to pay up to £11.75m for Sbadow GB, independent camera retailer in its first dash for growth since Mr Murray Gordon and his new executive management team took control last November.

The initial consideration of £6m will be funded partly by the allotment of 5.2m Era shares at 75p each. Of these, 4m will be placed with institutions. The bal-ance of £2.1m will be settled in

cash. Additional payment of £5.75m is linked to profits. SGB comprises fourteen Fox Talbot and Tecno retail outlets trading in London and the southeast. In 1987, the shops achieved

an operating profit of £630,000 on turnover of £11.2m. Separately, Era also said it would make a £400,000 pre-tax gain on its 4.3 per cent stake in Ellis & Goldstein, womenswear group, which has accepted a take—over bid from Berkertex.

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Perticulars relating to NMC Group PLC will be available in Extel Financial Limited's statistical service and copies of the Listing Perticulars may be obtained during usual business hours up to and including 19 July 1968 from the Company Announcements Office of The International Stock Exchange, 48-50 Finabury Square, London EC2A 1DD and up to and including 29 July 1988 from:

NMC Group PLC

25 City Road London EC1Y 1BQ

J. Henry Schroder Wagg & Co. Limited 120 Cheapside London EC2V 6DS

Phillips & Drew Securities Limited Corporate Finance Department 120 Moorgate

London EC2M 6XP

W.H. Stentiford & Co. Broseley House Newlands Drive

15 July 1988

The interim Report will be posted to shareholders on 21st July 1988. Copies may be obtained from the Secretary. The Rank Organisation Pic,

6 Connaught Place, London W2 2EZ.

UniChem fails to daunt AAH

BY ANDREW HILL

AAH Holdings seems to be sufferinvestigating the scheme which able to British Coal and previing less than Macarthy, a competoffers bonus shares to chemists onely consolidated. ing wholesale pharmaceutical distributor, from involvement in the UniChem saga. The pharma-ceutical and industrial group yesterday announced pre-tax profits up to £24.5m in the year to March

period, which incloded three year to the end of June.
months competing with UniChem's controversial share insome business to UniChem. How-

at £1 in return for extra business. UniChem claims the shares will be worth at least £12 when the wholesaling co-operative seeks a

stock market listing. Separately yesterday, UniChem provided evidence of the success Trading profits at AAH's pharof its strategy when it announced maceutical supplies division grew a 27 per cent increase in sales from £14.1m to £15.7m in the from £260m to £330m in the half-

centive scheme.

Group turnover rose from e said new opportuoities had restated £876m to £1.01hn, with emerged following Macarthy's announcement that it was clossales generated by the pharma-

Owners Abroad £12.7m rights

Owners Abroad, tour operator ing the remainder of the summer. last year, reduced their winter

Associated

Newspapers Holdings p.l.c.

INTERIM RESULTS

FOR THE HALF-YEAR ENDED

31st MARCH 1988

Relocation of the Group's London based newspapers has advanced in line with planned programmes. Redundancy and development costs are charged as exceptional items.

Current trading indicates a satisfactory outcome for the year. Profit before tax is likely to be lower than last year due to continuing London

NORTHCLIFFE NEWSPAPE: S

Copies of the full interim statement may be obtained from the Secretary.

Associated Newspapers Holdings p.l.c., New Cameline House, Carmeline Street, London ECSY OJA.

*Evening Standard

£334.1m

£35.0m

£1.1m

£(19.3)m

and airline seat broker, yesterday announced pre-tax operating were encouraging, be said.

10. Season in the six months to April 20. together with a £12.58m rights issue to bolster its balance sheet.

10. The rights Issue, which is deeply discounted, will increase the group's net assets from about 55.49m to £19.17m. The stronger trunover increased hy 58 per balance sheet will help it arranger that £38.87m.

Turnover increased by 58 per cent to £38.87m.

The loss reflected the seasonal nature of the holiday industry as well as the enlarged size of the group. Mr Howard Klein, chairman, said that the results represented "considerable progress" for the principal divisions of the business.

All divisions had exceeded expectations with an increase in carryings, maintained or improved margins and contained overheads, So long as there was no substantial discounting dur-

(Unaudited)

Profit before Exceptional Items

Redundancy and Development

Profit before Exceptional Items up by 21%

· Significant circulation increase at Mail on Sunday.

 Continued strength in advertising revenue. Further growth of US operations

Exceptional Profits

Profit before taxation

Earnings per share

Dividend per share

Daily and Mail

Blackfriars Oil and Gas

BIROMONE

Turnaver

In March 1987, BFC's fuel distribution interests were merged with those of Redland, which last week announced it would sell its 55 per cent stake in the merged group. AAH is to follow suit and the sale of its 25 per cent holding should raise about £40m. The group's share in the fuel distribution business reported trading profits of 13m (13.5m).

The builders' supplies division increased profits by 64 per cent from £2.5m to £4.1m. Transport services' profits advanced to £2m (£1.7m) and electrical supplies contributed profits of £1.9m in its first eight months with the the

operating losses by £742,000 to

Tjaereborg, an associated com-pany, had a better than expected

winter season and produced a loss attributable to the group of

An exceptional item of £588,000 (£857,000) was charged as a result

of the start-up costs from the introduction of a new aircraft.

The loss per share increased from 6.23p to 10.31p. The company has declared an interim dividend, the first in its history, of 0.6p. The board's intention is to

pay a final dividend of not less than 1.5p, against a single divi-dend of 2.1p last year.

The share price dropped from

1987

£286.8m

£29.0m

£34.8m

£(34.7)m

£29.1m

16.0p 2.0p

Most observers seem to think the OFT decision on the Uni Chem share incentive scheme will broadly favour the co-opera-tive's vocilerous competitors. In the meantime the wait for a ruling, which should appear before the end of August, is likely to deaden AAH's share performance. But the group seems to have benefited from Macarthy's struggle, pointing out that whole-sale profits in the first two months of this financial year months of this financial year have surpassed profits in the comparable period, despite the effects of increased UniChem competition. The group is also better protected by other divi-sions, which continue to grow. Yesterday the shares fell on to Yester with forecast pressy profits sales generated by the pharmaceuticals side. Earnings per share rose from 23.7p to 28.3p. A final dividend of 6.624p was proposed, national service.

Mr Bill Pyhus, chairman, said be was convinced UniChem's taction on the previous year's figure of tics would be condemned as anticompetitive by the authorities.

The Office of Fair Trading is six of its 10 wholesaling for stated to the competition of the competition of the competitive for the expansion of the environmental services of £29m, a prospective p/e of division as local authorities were made to put more services out to exclude just under 50 per cent of British Fuel Company attribution. The group is also tested from this with the the better protected by other divisions, which continue to grow.

Mr Pybus said there would be expansion of £29m, a prospective p/e of division as local authorities were made to put more services out to that Macarthy seems to be the real loser in the long-running slanging match.

BOC makes £39m US purchase

By Clay Hants

BOC Group, industrial gases producer, is to pay \$65.8m (£39m) for the vacuum products division of Varian Associates, the Califorvarian Associates, to a Camor-nian high technology group. BOC described the Varian divi-sion as the leading US maker of vacuum pumps and hardware for a variety of manufacturing processes, many of which also use industrial gases. It will be inte-grated with BOC's Edwards High Vacuum International subsidiary. The Varian division expects sales of \$75m in the current financial year. The deal is subject to US regulatory approval. Ear-lier this week, BOC announced the disposal of its final US carbon

graphite facilities - bringing total proceeds to \$242m. In Palo Alto, California, Varian said yesterday's sale was part of an effort to sharpen its business focus and improve its financial performance and would result in a significant one-time gain. Varian makes electronic instruments and chemical vapour deposition equipment for the semiconductor industry.

Savills for market with £44m price tag By Paul Chaeseright, Property Correspondent

Shares in Savills, a chartered surveyor, will be traded from next Thursday. Yesterday morning 9.6m shares were placed to give the company a market caps-

saville is the second chartered surveyor, after Herring Son and Daw, to take a full listing since the crash of the equity market

The placing, handled by Kleinwort Benson, covered 27.1 per cent of Savilis enlarged equity. The shares were sold at 125p The sale raised for net for the company through the placing and 25.4m for existing shareholders.

Like other chartered surveyors taking a listing since 1986, Savills has chosen the market route as the easiest way to obtain funds for expansion.

It said, however, that it had no specific acquisition proposals except for the possible takeover of a small building consultancy

company.

Savilis had pretax profits of \$4.2m in the year to April 1988, giving earnings per share of 9.1p.

Nearly 60 per cent of the operating profit came from commercial represent operating states.

cial property operations, while 19 per cent came from residential and 22 per cent from agricultural

Despite only a small increase in turnover from 25.82m to in turnover from 25.82m to 25.73m, William Ransom & Son, manufacturing chemist, raised pre-tax profits by 16 per cent from 2624,000 to 2721,000 in the year to March 31, 1988.

After tax of £242,000

British Building rises

Pre-tax profits at British Building and Engineering Appliances rose from £160,000 to £515,000 in the year to end-March 1988. Turnover for the Bedfordshire-based non-me-chanical building equipment and plant manufacturer and supplier was 25.71m (24.17m).
A final 2p (1p) dividend is recommended for an increased total of 3p (1.75p). Earnings were 26.5p (8.6p) after tax of £194,000 (£56,000).

prest on the acover securities for the Interest and of July 13, 1950 frough January 12, 1999 checked for the speed on Jenuary 13, 1999 at the prest Rate or 8,50% per forcers. The Interest count will be \$40.44 per \$10,000 of promptal. The Pirst National Bank of Chicago.

Swiss lift stake in Unitech via £50m deal

By Huge Dixon

Unitech, the electronic componeuts manufacturer and distributor, is planning to place 16.7m new shares with Elek-trowatt, the Swiss energy and electronics company, in a deal worth £50m.

The share issue, which requires shareholder approval, will raise Elektrowatt's stake in the company to 29.9 per cent from 4.6 per cent. Elektro-watt has agreed not to increase or sell its shareholding for a period of two years after the deal becomes effec-

Mr Peter Curry, Unitech's chairman, said the share issue would enable the company to raise funds for acquisitions at a much cheaper rate than it would have had to pay if it had launched an ordinary rights issue.

issue.

Elektrowait is paying 300p per share or the equivalent of just over 15 times 1987 earnings - compared with Wednesday's closing price of 255p. Ms Jody Stewart, an analyst at Scringeour Vickers, said United had done very well to get such a price.

Mr Curry denied that the proposed sale was a defensive move. Unitech has been the subject of bid rumours in

He said the proceeds would be used to acquire components manufacturers in both the US and Europe, and to expend the company's European distribu-tion network. There would also be synergies with Kiekiro-watt, which has a small components husine

Mr David Syz, an Elektro-watt director, said his com-pany had approached Unitach about increasing its stake in March. Elektrewatt was looking for an international distribution network for its components and also wanted a footbold in the EEC in advance of the single market plan for 1992, he said.

Mr Syz said Elektrowatt had never wanted to Jameh a full hid for Unitech, as one of its attractions was its listing on the London stock market.

Jones Strond advances 29%

Jones, Strond (Holdings), major of accessories and muto-rials for textile and electrical industries, reported pro-tax profits up 29 per cent at 15.95m on turnover ahead from £45.33m to £52.16m for the year to end-March 1983. Interest receivable was

Interest receivable was £249,000 after a debit of £48,000 last time. Tax took £2.26m (£1.7m) and earnings per share came out at 19.45p (£5.21p). A final dividual of 4p is proposed making 6p (5p adjusted).

The board said it anticipated further earnings growth in the current year.

Tinsley 43% higher

Kliza Tinsley Group, USM quoted maker of agricultural machinery, raised pre-tax profits by 43 per cent from \$2317,000 to £1.17m for the year raised March \$1.1000 ended March 81 1988.

ended March 31 1988.

Turnover grew 25 per cent from £3.55m to £11.55m and this improvement continued during the first three months of the current year. Earnings per share increased from 7.25p to 10.28p. The directors recommend a final dividend of 2.5p making a total of 3.35p (3.2p) for the year.

Wm Ransom ahead

After the of 1242,000 (2114,000) earnings per 10p share grew from 2.57p to 3.05p. A final dividend of 0.9p is recommended for a total up from 1.15p to 1.34p.

Delayed orders behind 50% fall at Cambridge Instrument

BY CLARE PEARSON

PRE-TAX profits of Cambridge Instrument, the scientific equip-ment concern which rejoined the stock market in April 1987 after

stock market in April 1987 after nearly a 20-year absence, fell by more than 50 per cent to £3.48m in the year to March 31. The shares closed at 65p, up 2p-on the day, as the company had warned in February there would be a substantial shortfall. The profits figure was about £500,000 higher than some analysts had been expecting recently, but. been expecting recently, but £7.5m below some forecasts a

year ago. Sir Geoffrey Pattie, until last year Minister of State for Industry and Information Technology, was yesterday appointed non-ex-ecutive deputy chairman as part of a reshuffle sined at improving relations with the City. James Capel has replaced Kleinwort Grieveson as the company's stockbroker.

stockbroker.

Delayed and cancelled orders for semi-conductors chiefly accounted for the shortfall in pre-tax profits. Instead of a profit of \$2.5m, this business incurred a loss of \$1.1m.

Other factors were the storage Other factors were the strong round, start-up costs of a new

pound, start-up costs of a new scanning electron microscope, unused capacity at the Cambridge factory, problems with integrating the optical systems division of Bansch & Lomb, an acquisition made in the US last our year, was discontinued.

December, with Cambridge's existing North American optical \$2.7m was mainly for the costs of losses.

Cambridge Instruments Share price (pence) comment Cambridge Instrument man-

20 Apr 1987 Jan 1988 instruments division, and poor US demand for ophthamic

On earnings per share of 3.11p (8.97p), a final dividend of 0.55p is proposed, to give 0.77p (0.7p) for the year.

the year.

Turnover, of which £8.1m came from acquisitions, was £113.4m (£116.52m). Aside from the loss from semi-conductor manufacturing, operating profits broke down as follows: optical instruments made £2.6m (£3.7m). scientific instruments £1.7m, industrial products, where one division was sold in November, £51,000 (£188.000) Films outlies, which

hithography system. Tax took 2455,000 (£1.33m). At the end of the year, Cambridge's debt-to-equity ratio was 29 per cent and the company says it has adequate working capital and unused for rowing facilities for the next few

Cambridge Instrument managed to get its shares listed on both sides of the Atlantic last year which seems a remarkable coup considering analysts now reckun it could be years before the shares see 130p, the UK flotation price, again. Strategically, the company now looks well-placed — it is a major US-based manufacturer of optical instruments able to take advantage of the lower dollar both at home ments able to take advantage of the lower dollar both at home the lower dollar both at home and in export markets. But, despite the £8.7m provided in these accounts for reorganising acquisitions, it now appears restructuring costs will continue well into this year and orders from acquired businesses are bound to be disrupted. For the current year, £5m pre-tax looks a fairly safe bet, putting the shares on a mospective vice of over 12 -

Brunning plans worldwide link

Bremning Group, advertising and raise about £2.5m by a two-for- issue Ketchum will have a 5.5 per marketing company, reported five underwritten rights issue at pre-tax profits for the year to the end of March 1988, following two chosing price of 225p, down 7p on expension plans including a joint venture to develop a worldwide also to fund group expension. years of losses, and announced expansion plans including a joint venture to develop a worldwide network of agencies and a zights

On turnover up at 260.52m (£54.17m) pre-tax profit was £873.000, against a loss last time of £383.000. Stated earnings per share were 16.8p (12p loss) and an unchanged final of 2.5p is being proposed for a total dividend of 2.5p.

In a separate development Mac-millan Davies Group, recruit-ment, advertising and consul-tancy agency, is being acquired for an initial \$125,000 and further

cent stake.

The joint venture is being set up with Ketchum International, part of 20 advertising and communications group. It will be known as Ketchum Brunning International based in the Netherlands and as part of the control of the E383,000. Stated earnings per known as Ketchum Brunning to the end of November 1987. There were 16.50 (120 loss) and an International based in the model of 2.50 is being not being now Ketchum Communications of £181,000 at that date. Profits of £180,000 for the 16 months to 1.50. Will anbscribe £590,000 for 268,000 March 31 1989 have been war-

Barbour Index climbs 26%

in the first full year on the main \$5.98m (\$4.82m), to high customer Barbour stated, and clients now market since its flotation in February 1987, Barbour Index, Windthe group's building compendium which currently accounted for sor-based supplier of specialist — renowned for its weight (4.5 kg more than 0.5 per cent of turn-information services to the con- at the last count) as much as its over.

smounted to £1.91m on turnover of £3.83m.

on turnover 28 per cent higher at increased during the year, Mr 3.5p for a total of 5.5p (2.5p).

information services to the constitution and health and safety undoubted usefulness to the trade now stands at some 79 the per cent to 12 14m; per cent, while retentions on the microfiles side have risen to 90 the microfiles would show benefity to shareholders. At present, the group has nil borrowings.

A new square format for the constitution of 12 18 1m on turnover of 13 18 m on turnover of 13 18 m.

A new square format for the group has nil borrowings.

After tax of 1768,000 (2638,000), earnings per share rose to 16.8p,

of £3.93m. weight to 2.5 kg without sacrificent sacrif

Full quote for Chancery

Ratners ADRs quoted in US

MR HARVEY COHEN, chairman to this end had reached agreeof Chancery Securities, USMment with John Siddall, Manquoted merchant banking and
financial services group, yesterfor its London team to join Branday confirmed that it was planston. Further deals of a similar
increase marketability and institutional activity in the company's shares.

Speaking at the annual meetticularly in the banking divisioning, Mr Cohen said that Branston Mr Cohen said that the group
and Gothard, the stockbroker was currently negotiating ways
acquired last August, had "come to achieve this objective — possithrough a period of significant bly through the issue of subordimarket instability in remarkably nated loan stock — and "evoid
good shape". Chancery now had
market instability in remarkably nated loan stock — and "evoid
good shape". Chancery now had
undue dilution of the equity base
sufficient confidence to plan or an adverse impact on earnings
expansion of the operation, and per share".

Group term US
By Maggle Unry

Batners Group, fast growing jewellery retailer, has set up an
American depositary receipt programme in the US. The ADIRs are
quoted on the Nasdaq system.
Ratners has made three acquisitions of jewellery retailers in the
US in the past year and wanted
to widen its shareholder base.

The company also amnounced
to widen its shareholder base.

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to widen its shareholder base.

The company also

Asea Brown Boveri AB (Sweden)

has made a public offer for the outstanding shares of Fläkt AB and has as per end of June 1988 a holding of 97%.

The undersigned acted as financial advisor and acted as dealer-manager for the transaction.

Nybrokajen 15, S-111 48 Stockholm, Sweden. Phone: +46 8 723 46 00. Member of the Asea Brown Boveri Group

THE SCOR GROUP

The Annual General Meeting of SCOR met on June 17, 1988, under the chairmanship of Patrick Peugeot to approve the fiscal 1987 financial statements for the parent company and the

Société Commerciale de Réassurance

The parent company's premiums totaled FRF 3,361 million in 1987. As in earlier years, substantial reserves were again set aside. There was nevertheless a sharp improvement in underwriting results, which came close to breakeven (-FRF 12 million in 1987, against -FRF 216 million in 1986). Overheads were held approximately to their 1986 level. Despite rising current investment income (FRF 377 million, against 359 million in 1986), total financial revenues as a whole were down slightly due to general economic conditions and reduced capital

Parent company income totaled FRF 115 million, against 91 million in 1986.

Consolidated premiums were up 9.1% to FRF 4.44 billion, after adjusting for currency fluctuations and changes

The see Mail

Whittle

in the structure of the Group (against FRF 4,39 billion in 1986).

All Group subsidiaries reported improved income performance.

SCOR Re (USA) expanded its business and took advantage of favourable US conditions in 1987, reporting a 70% rise in net carnings to USS 17 million (representing an after-tax return on sharehold. senting an after-tax return on sharehol-ders equity of over 17%). The American holding company, SCOR US, obtained its NYSE listing on June 7, 1988.

After substantial additions to reserves for depreciation of securities (FRF 45 million), Group income totaled FRF 180 million in 1987, against FRF 176 million

Group shareholders' equity increased sharply from FRF 857 million to FRF 1,331 million following the July 1987 FRF 356 million rights issue and net profit At the motion of the Chairman, and in view of the reconfirmation of shareholders' confidence in July 1987 and net

profit for the year, the Annual General

Meeting decided to deciare a dividend of FRF 2.25 per share (tax credit included). This performance was achieved under more adverse conditions than those pre-vailing in 1986, with a revival of very stiff competition, a particularly large number of major claims and substantial currency and stockmarket fluctuations. However, by continuing to take a selective approach

to its reinsurance portfolio and focusing on areas in which the company enjoys spe-cial expertise, profit margins increased in

property activities.

The Board of Directors has decided to increase the share capital by FRF 250 million by issuing 2,500,000 shares. The share price being set at 250 FRF, the capital and reserves will be increased by 625 million FRF.

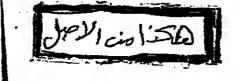
This capital increase will enable SOOR to finance the takeover of the second largest Italian reinsurance com-pany Vinoria Ri out of share capital. It will also enable it to provide sufficient share capital to the two subsidiaries due to be formed (after appropriate planning) out of the existing Paris profit center.

Experience of the first months of

1988 points - barring major claims - to a slight rise in earnings per share, after allowing for the substantial increase in the average number of shares outstanding in 1988 (approximately 9 million shares, against 6,8 million in 1987).



Lassureur des assureurs.



UK COMPANY NEWS

Xerox expansion pushes Rank profits to £105m

()0/

the Rank Xerox copier business helped the Rank Organisation increase its pre-tax profits by £15.4m to £104.8m in the 28 weeks

to May 14 this year.

This 17 per cent advance at the pre-tax level was outpaced by a 25.5 per cent rise in the group's earnings per share, which — flatearnings per share, which — flattered by a lower tax rate —
moved ahead from 22.8p to 28.4p.
Rank Xerox, 49 per cent owned
by Rank but over which the UK
company exercises no management control whatsoever,
chipped in 27.9m to pre-tax profits, against 250.4m in the previons first half.

This was better than expected,
reflecting booming conditions for
Fuji Xerox in the Japanese market and only a marginally nega-

This was better than expected, reflecting booming conditions for the industrial division on lower world demand for Taylor Hobset and only a marginally negative currency affect. Furthermore, Rank Xerox's effective tax more, Rank Xerox's effective tax lighting in the US.

He said that all the other division on lower world demand for Taylor Hobset and continued to rate fell by 7 per cent to 42.7 per cent, helping to cut the group's tax rate from 42 to 39.6 per cent.

A STRONG performance from aged by Rank — which include for \$180m in March, was "ahead the Rank Xerox copier business Butlins and Pinewood studios — of our expectations at the time helped the Rank Organisation generated trading profits up only we bought it". slightly, from £33.7m to £35.6m. Turnover fell from £321.6m to £301.6m, mainly because of last summer's disposal of the Wings

For the first time Rank included the result from its holiday and leisure division in the first half figures. Weighted heavily to the second half, this division made £13.4m against £11.4m, and the prior year figure was adjusted accordingly.

Film and television profits rose by £2m to £9.6m; hotels and catering from £4.1m to £4.3m; leisure development from £3m to £5.2m.

the period was £245m, of which £178m was spent on acquisitions. The interest bill went up from £4.3m to £7.8m. The interim dividend is increased from 7.25p to

A. Kershaw & Sons, 82 per cen owned by Rank, reported interim pre-tax profits up from £1.77m to £2.15m. The dividend is lifted to

NMC expands into US market

sions had done, and continued to do well, while Abnert, the Yogi-bear franchise-operator bought

pany turned packaging manufacturer, yesterday unwrapped its facility with Citibank. largest acquisition to date and its largest acquisition to date and its first foray into the US market with the purchase of Universal Packaging Corporation for an initial \$42m (£24.8m).

An additional \$45m will be required to settle UPC's long-term debt, and a further maximum of \$25m - neverble in

Mr Norman Gordon, chief executive, said the acquisition put the group firmly into mainstream

profit margins. Shareholders are to be offered four 7.75 per cent convertible maximum of \$25m - payable in 1993 - is profit-related.

The acquisition and loan repayments will be financed partly by a £32.5m rights issue of convertible from 1991 at 152.2p, an 18 per cent premium to the market price

NMC Group, investment com- ible preference shares and the on Wednesday. NMC shares added 1p yesterday to 130p.

agement shareholders are to take part of their initial payment in the form of 450,000 convertibles.

packaging without sacrificing hitherto higher-than-average Analysts said the acquisition was likely to enhance earnings. UPC, part of Dart & Kraft until a management buy-out in 1984; is one of the major independent manufacturers of folding cartons in the US. In 1987 it made operating profits of \$9.7m on turnover of \$90.5m.

Dwek buy-out for £33.5m

A NEW COMPANY formed by Mr will be Hillshott's chairman Leon Dwek and fellow directors Under the proposals, his is to buy Dwek Group, the brothers Maurice and Elie – expanding leisurewear and furni Dwek's chairman and joint manture manufacturer, in a deal aging director respectively - will which values the company at resign from the company to pur-

wehicle for the bay-out, has been made at 150p per ordinary share, a 145 per cent premium to the suspension price of 131p. About 545 per cent of Dwek's share capital is already pledged to the deal.

Mr Leon Dwek, formerly Dwek's joint managing director,

533.5m and takes it private.

The offer by Hillshott, the Dwek is joined by fellow directions for the buy-out, has been tors Mr Alexander Cohen and Mr

Tranwood rises to £0.64m

10,400 SQ. FT.

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Tranwood Group increased pretax profits to £644,000 in the six months to June, the final full reporting period before its demerger into separate financial services and manufacturing compa-nies. That split took effect

The rise from £276,000 pre-tax was achieved on turnover ahead from f4.4m to £4.93m. Earnings

Balle in

At the trading level, the hosiery manufacturer Bear Brand (as the fully listed company was renamed yesterday) achieved profits of £644,000 on sales of

profits of 2644,000 on sales of £3.81m.

The financial services activities, including corporate finance adviser Tranwood Earl, institutional stockbroker Ariel and PR agency Blackwood, made £456,000 on turnover of £1.13m. The offshoot containing these operations to trade on the INSM as Tranper share rose to 0.5p (0.31p on turnover of £1.13m. The off-restated). There is no dividend shoot containing these operations apart from the distribution of is to trade on the USM as Tran-

to good start TO LET

Marks and Spencer has made an emouraging start to its current year, Lord Rayner, chairman, told shareholders at yesterday's

ing in March this year, but he said ladieswear, which suffered flat trading in 1987, had made a

Computer. People in **US** purchase

Computer People, computer staff agency, is accelerating its move into the US computer services market with the acquisition of

market with the acquisition of the US Professional Services Group, part of Sterling Software, for a maximum of \$14m (£8.3m). Mr Anthony Lambie, marketing director, said that the acquisition would greatly expand the company's business in the US, where it has been trading for 12 years. The US has 50 per cent of the world's computer services, so to be a high player, in the world you have to be a high player there," he said.

USPSG supplies contract prothe US, mainly to Fortune 500 companies. Acquired by Sterling Software in 1985, it suffered from the subsequent departure of senior management and in the year to September 1987 it incurred a loss of \$730,000 on turnover of \$22.5m. At that date it had not assets of \$3.3m.

The initial payment is \$8.5m in cash, with additional payments depending, on profits over the next two years. The acquisition will be partly financed by a £2m placing

M and S off

annual meeting.

However, April was a disappointing month with Easter fallstrong recovery. The shares eased 2p to 174p yesterday.

Hopkinsons Shares in Hopkinsons Hold-ings, valve maker, rose by 15p to 112p yesterday after North-ern Engineering Industries increased its stake to 6.4 per

NEI lifts

stake in

Mr Philip Thomas, company secretary, said the company had been aware since January that NEI held 3m shares. The recent purchase of an extra im shares took the holding above the 5 per cent disclosure level.

He added that it would be illegical for NEI to try to take

over the company as it was already a major customer of Hopkinsons. Mr Terry Harri-son, NEI chairman, said: "We view our holding as a good

trading investment."

Hopkinsons' shares plummeted three months ago as the meted three months ago as the company announced a steep fall in pre-tax profits, from £9.14m to £1.56m, and a large write-off on factory closures in the year to January. In May, Mr Frederic Bentley resigned as chairman, and Mr Peter Frost succeeded him.

NET have valves for nower

NEI buys valves for power generators from Hopkinsons. Last year's profits fall was attributed to lower orders

Wm Sindall £4.8m rights

William Sindall, builder and property developer, yesterday announced a £4.8m rights issue to strengthen its balance

sheet. The issue, which follows the £2.5m acquisition of the Oxford and Banbury-based builder Hinkins & Frewin Group earlier this month, will reduce the group's borrowings of £7.9m.
The issue is on the basis of

five 5.625 per cent convertible cumulative redeemable preference shares of £1 each for every six ordinary shares held. The directors, who hold 52 per cent of the company, plan to take up about 12 per cent of their share entitlement. The share price was unchanged after the announcement at

Nat Telecoms offer 17 times subscribed

The offer for sale of 9.25m shares in National Telecommument systems company, was 17 times subscribed when it closed yesterday.

The issue, which values the company at nearly £30m, received 90,000 applications for a total of 165m shares. Allocations are expected to be announced on Monday.

Central Motor ahead

Pre-tax profits of USM quoted Central Motor Auctions rose 43 per cent to £376,000 in the six months ended April 30

The seasonal pattern of sales leads to considerably greater results in the second half, said Mr Eric Myers, chairman.

Barnings were 3.02p (2.27p)
per share and, as indicated in
the prospectus, the interim
dividend is 0.75p.

Runciman - still 'no'

Walter Runciman has repeated its rejection of the £27.4m takeover bid from Telfos Hold-

Corres - Total

DIVIDENDS ANNOUNCED

		payment	payment	ponding	year	last year
	AAH Holdingsfin		-	5.76	10.22	9
	Assoc Newspapers .int	2.25 -	Aug 25	2	-	7.25
	Barbour Indexfin	3.5	Oct 6	2.5 : .	5.5	2.5
ı	Rritish Buildingfin	. 2 .	-	. : 1	3	1.75
1	Brunningfin		. :	2.5	3.75	2.5
4	C'bridge Instfin	0.55	Sept 1	0.5	0.77	0.7
ı	Central Motor ∫	0.75	Oct 3	-	-	-
1	Dewhurstint			-0.47	-	1.41
1	Domino Printingint	1.5	-	1.2		2.9
ł	Ferrantifin		-	1.34	2.33	1.94
1	Jones, Stroudfin		Oct 15	3.25	6	5*
ı	Kershaw (A)int		Sept 26	4.75	-	18.5
ı	Kleen e zeint		_	mit	-	6
ı	Norfolk House ∫	0.75	Sept 8	-	_	-
	Low & Bonarint	2.2	-	1.85	-	6
1	Owners Ahroadint	0.6	Oct 7	-	-	2.1 -
ı	Rank Orgint	8.5	Sept 26	7,25	-	21.75
ı	Ransom (Wm)fin	0.9		0.75	1.34	1.15
1	Tinsley (Kliza)6fin	- 28	-	22	3.95	3.2
1	Wood (SW)fin	. 2			2 '	mil

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. 10n capital increased by rights and/or acquisition issues. SUSM stock. SiUnquoted stock. Third market.

BOARD MEETINGS

rise July : meational August : July : Sept : Sept July : Sept : Sep

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Rolls-Royce plc £150,000,000

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SBCI Swiss Bank Corporation Investment banking

S.G. Warburg Securities

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Baring Brothers & Co., Limited **County NatWest Limited Deutsche Bank Capital Markets Limited**

IBJ International Limited LTCB International Limited

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Nomura International Limited Shearson Lehman Hutton International **Sumitomo Trust International Limited**

United Overseas Bank

July, 1988

Banca del Gottardo **Bankers Trust International Limited Banque Paribas Capital Markets Limited** Barclays De Zoete Wedd Limited

Citicorp Investment Bank Limited **Daiwa Europe Limited**

Generale Bank

Kuwait International Investment Co. S.A.K. Merrill Lynch International & Co. J.P. Morgan Securities Ltd. Mitsubishi Trust International Limited

Prudential-Bache Capital Funding Sumitomo Finance International

Union Bank of Switzerland (Securities) Limited Yasuda Trust Europe Limited

AAH HOLDINGS pic

PRELIMINARY RESULTS

Record profits, earnings and dividends in an eventful year.

FINANCIAL HIGHLIGHTS

	1987/88	% change
Turnover	£1,008m	+15%*
Profit before taxation	£24.5m	+24%*
Earnings per ordinary share	28.3p	+19%
Recommended final dividend per share	6.624p	+15%

*percentages calculated on restated 1986/7 results.

- "special challenges dealt with effectively."
- "Electrical Supplies division added."
- "new opportunities to expand Pharmaceuticals division."
- "another successful year in prospect."

Bill Pybus, Chairman.

To obtain a copy of our preliminary announcement please write to the Secretary, AAH Holdings plc, 76 South Park, Lincoln LN5 8ES.

The contents of this statement, for which the Directors of AAH Holdings pic are solely responsible, have been approved for the purposes of section 57(1) of The Financial Services Act 1986 by Coopers & Lybrard who are authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Speculators drive sugar price to 7-year peak

lowing the sharp overnight gains crop following the drought. booming Chicago agricultural

the highest levels in dollar terms for seven years. At the beginning of this year the prices were \$238 and \$242 a tonne

SUGAR PRICES continued the spired advance in the Chicago given these prices is encourage strong advance of the past few agricultural markets. There is ing," he said. "People are taking weeks, with London prices followers also concern about the US sugar in volume - it is not just in New York as speculative "A lot of investment funds prices up."

money spilled over from the have been attracted into sugar," China has also been a strong said one analyst yesterday.

narkets. In its latest report on the sugar The London Daily Price for raw market, Gill & Duffus, the Lonsugar rose \$30 to \$385 a toans don broker, said that the soya-yesterday, while the price for bean and maize futures in Chi-whites put on \$14 to \$345 a toanse cago bad risen to the highest levels for almost 15 years. The speculative activity that these movements have attracted spilled

speculative money that is driving

buyer this year. The market sees the Chinese as shrewd traders, however, and they are believed to be taking advantage of the unusual situation of raws fetching a premium to whites by sell-

were \$238 and \$222 a tonne respectively.

The October contract for raws on the London Futures and Options Exchange (Fox), which closed at \$328 a tonne on Wednesday, gained nearly \$10 yesterday.

Analysts said that in addition to the current sound fundament to the current sound f

Gaza trade accord on test

reached s ground-breaking agree-ment with e group of European Community importing houses on the sale of 16,000 tonnes of oranges and grapefruit. Delivery is due to take place hetween

first test of the Israeli Government's recent concession on A senior Agriculture Ministry direct exports of agricultural produce from the occupied territo aside any suggestion that, by put-

the Civil Administration for the authorities, are much less san-occupied territories, are still guine. required for the shipments,

THE GAZAN citrus industry has pean Commission officials, this the boats to rot. The EC will have should be antomatic. However, a wide divergence of

views exists as to the prospects of success for this test agreement, countries – the Netherlands, the crucial both to the declining Gazan citrus industry and the – is made up of 10,000 tonnes of the blocked level EC trade – is made up of 10,000 tonness of is due to take place hetween
December and April.

The citrus deal represents the

Gazan citrus industry and the
fate of a blocked israel-EC trade
protocol of special interest to first class Valencia oranges, 3,000 tonnes of navel oranges and 3,000 tonnes of grapefruit. This will be marketed under a new brand Israeli flower growers. name - Gaza Top - with Gaza stated as the country of origin.

dice from the occupied territories to Western markets, through Israeli ports. Hitherto, all farm exports had to be channelled through Israeli state marketing organisations.

Export licences from the Agriculture Ministry in Tel Aviv and the Civil Administration for the occupied territories are still state any suggestion that, by putting hureaucratic obstacles in the way of the exports, Israel might way of the exports, Israel might into the continuous properties of the country of origin.

Mr Svi Alion, head of the Israeli inter-departmental committee handling the tricky issue of Palestinian farm exports, indicated that the Israeli authorities way of the export iterations for the authorities, are much less san of purchaser, destination and contract.

which represent nearly 20 per cent of Gaza's anticipated citrus production next season.

Under the terms of the latest understanding thrashed ont in May between Israeli and Euro
European Community's responsiBut European diplomats said last night that under the terms of the May agreement these considerations should not constitute grounds for rejecting the Gazans' applications.

chaser, destination and contract

More producers cut zinc prices

BY KENNETH GOODING, MINING CORRESPONDENT

zinc supplies remained tight, they pointed out. After the sum-mer boliday lull the metal is ground but probably will not return to the June peaks when the London Metal Exchange cash price for high-grade zinc touched

SAVAGE ZINC price cuts by European producers in the past two days marked a retrenchment, not the prelude to a sustained price fall, analysis and traders price fall, analysis and traders cut its European Producer Price by \$150 to \$1,200 a tonne. by \$150 to \$1.200 a tonne.

This returned the EPP to the ducer stocks to 290,000 tonnes, level established briefly in June.

another fall in April, taking producer stocks to 290,000 tonnes, down nearly 90,000 tonnes since But it is nearly twice the early- January.

January price of \$960 a tonne. Zinc steaded on the LME ves-Analysis said demand for zinc terday after recent price weak-was holding up well, particularly ness. Cash metal was up £6 to from the automotive industry, £700.50 a tonne and three-months which is using more of the mate- zinc advanced £7.50 to £686.50.

Deborah Hargreaves describes the frenetic atmosphere in drought-driven futures markets

Making history in Chicago's grain pits

AS A digital clock flashes away commodities are bought and sold, the seconds before 930 am on a safutures contracts, for delivery sultry morning in Chicago, tense in several months' time, although commodity traders prowl the most will be cancelled by oppo Five veteran traders lostle one

of their colleagues who has some by falling government stockpiles selling orders to execute. They and a shaky recovery in the US clutch the white haired trader's farm economy. But the hot, collar and undge him in the ribs.

But hy 9.32 am it is all over. June — usually the wettest the hectic activity calms down as month in the Midwest — sent the ing a premain to winder by some ing hack raw cargoes into the collar and nindge him in the ribs. Spring weather and a scorching market at a profit and taking the cheaper white sugar instead.

The Gill & Duffus report higher than the first spring weather and a scorching market at a profit and taking the collar and nindge him in the ribs. Spring weather and a scorching but by 9.32 am it is all over. June — usually the hectic activity calms down as mouth in the Midwest — sent the eyes are turned towards the futures market rocketing skyexchange's giant display screen, wards, which shows that all grain con-tracts have reached their daily the reg

Algeria and Egypt had all bought sugar in the past two weeks.

The fact that they are buying consumption ration since 1980-81.

of the day because there is no-one around who wants to sell. This scene is repeated day after day as drought continues to rav-age crops in the Midwest. It is a far cry from the picture only six months ago when wheat traders lolled around on the steps of the futures pit idly reading newspa-The agreement, signed with out a market dominated by gov-companies based in four EC ernment surpluses and routinely

Brazil plans 14 per cent

BRAZIL PLANS to increase its in improving productivity. The

output of grain by 14 per cent Government could force farmers next year to 75m tounes as a who plant highly profitable result of the US drought, Mr Iris crops, such as soyabeans, to Resende, the Agriculture Minisbecome self-financing.

ter, said.

But transport and storage problems, added to overstretched port facilities could hamper a bid to ciencies," the minister said after returning from a tour of already operating close to capacity.

WORLD COMMODITIES PRICES

AM Official Kerb close Open Interest

rise in cereal output

"The funny thing is grain floor at the city's Board of site trades before then. Even Trade. An animal-like roar from before temperatures source to the depths of the soyabean trad-over 100 degrees Fahrenheit ing pit accompanies the market's across the combett and Chicago opening as brokers gesticulate baked for 29 days without rain, wildly to attract the attention of the market's handful of sellers.

The market's handful of sellers upwards. upwards.
The rise in prices was spurred

As the worst drought to strike
the region in 50 years has withered crops across the Midwest,
grain prices have doubled from
their level at the end of last year
as traders have rushed to cash in
on this year's built market.
The franchic strongmens on the The frenetic atmosphere on the agricultural trading floor is early

reminiscent of the freewheeling run-up to October's stock market crash, when profits abounded in the financial futures market. In fact, many financial high-fly-ers from the heady pre-crash days have moved into the agri-cultural sector they once despised, surprising resident vet-erans with their flashier lifes-tyles and risk-taking.

Trading in stock index futures and options has been sluggish in the chastened post-crash era and the grain pits have offered a busy At the Chicago Board of Trade environment with healthy profits

that none of us professional veterans in this market participated in the run-up until now, because we couldn't believe it wouldn't rain in

to be made.

One Chicago commodities trader has his own motio scrawled on a scrap of paper and stuffed into the pocket of his brightly-coloured trading jackst. It says "beans in the teens," an optimistic prediction of the soyabaan futures price which he carries as a lucky charm.

Beans have not yet reached the

Beans have not yet reached the teens – the closest the price has ever come was back in 1973 when soyabeans briefly touched \$12.90 a bushel. But the superstitious trader is betting the price will top that record before the summer is

Futures traders make their money by anticipating market trends, and as the drought is the main factor driving the market at present, they remain hysterically sensitive to the weather forecast. Soyabean 2nd Position Futures (Chicago) come per 60% bushel

into spricultural commodition Mr Richard Dennis, one of Chi-cage's higgest speculative trad-ace, has been trading structures from a computer to floors above the investy trading floor. By desi-ing in military of bushels of grain, he has managed to recom-part of the substantial loss he unde in financial futures during the crash.

Speculaties were builty beauty as the market made an emotional moselies for two days last week attid scattered showers in the Midwest. But their movey remains to exaggarate many a market move.

push the market strongly into reverse.

The funny thing is," muses in the funny thing is," muses it trading grain for over 40 years, "that none of us professional velocated in the run-up until now, because we couldn't believe it wouldn't rain in June."

Traders are keenly aware they are making history as the amount of make traded in one day tops 130,000 futures contracts — the highest daily volume for make in the life of the 140-year old exchange. Each futures contract equals 500,000 bushels of grain.

There is a lot of mistrust was in the life of the labyear old exchange. Each futures contract equals 500,000 bushels of "There is a lot of mistrust was in the life of the labyear old exchange. Each futures contract equals 500,000 bushels of "There is a lot of mistrust was in the life of the labyear old exchange. Each futures contract equals 500,000 bushels of "There is a lot of mistrust." push the market strongly into

tract equals 500,000 bushels of grain.

"We have pension funds and must produce shout the special for action in this market." Mr lest," an official from the American Fami Hursen says, "and it's money has moved out of the financial futures markets and really profit from it."

UK gold assay figures buoyant

ewellery business is in a particularly buoyant phase has been provided by figures from the UK Assay Offices showing a substan-tial increase in the number of gold articles submitted for hallmarking in the second quarter of

to 4.25m, and a 29.7 per cent increase in the weight, to 14.86m grams of gold.

drought-stricken regions of the ity.

US Midwest. He said Brazil would export added quantities of maize, soyabeans and beef.

A ready operating close to capacterize ity.

Consumers are concerned that rising international demand for farm goods could cause domestic rams of gold.

The increase in 22 carst and the weight was up by 17.4

Of the items submitted, 8.8m stricks reflects an upture in per cent to 12,285 grams.

THE UNDERLYING FEATURE of the grain

and soyabeans remained unchange leading to continued sharply-higher

prices with the exception of wheat,

raports Drexel Burnham Lambert.

wheat, commercial and professional

soyabeans and beef.

Mr Resende will face considerable, but not insuperable, difficulties in meeting his target.

Mr Ney Bittencourt de Araujo, president of a major seed company, said a 10 per cent increase 22 per cent. In grain production is more brikely. He noted that output of soyabeans and maize could be closer to 14 per cent, given that areas and no further severe cold farmers are likely to reduce the production of rice.

farm goods could cause domestic food shortages and higher prices. Last month, bread prices 700 per cent, well above June's inflation, which is estimated to have been 22 per cent.

Brazilian weather forecasters said the recent cold front has moved through and out of coffee closer to 14 per cent, given that areas and no further severe cold is expected for about a week.

They said the next major cold from was expected to racon Bra-farmers would get all the credit they needed, although troubled between July 20 and 22. At least official finances bave already until then, no damaging cold was

(Prices supplied by Amalgamated Metal Trading) US MARKETS

The recent cold front pushed However, many farmers have temperatures down this week, grown rich with this year's surge but no damage to coffee has been in prices and are ready to invest reported

MORE EVIDENCE that the gold

Tha figures, which generally serve as a barometer for the juw-ellery trade's expectations of consumer demand in the coming months, show a 19.1 per cent increase in the number of items,

out of 14 pure gold), up 18.7 per spensatit being given in India to promote spense in the sense in India to promote spense in Ind

Canada plans platinum and silver coins

with a market share of approxi-mately 55 per cent. The 99.96 per cent pure plati-num coin will be made available

ounce size only, with a first year sales objective of 800,000 ounces. The launch date for both coins will be within the next 12

CHURC OIL (Light) 42,000 US gatte S/birrie)

Previous . High/Low

IN AN attempt to capitalise on in four sizes ranging from onethe success of the gold Maple tenth of a troy ounce to one
Leaf, the Royal Canadian Mint is ounce. A provisional first year from buying platinum from the expand ins range, of precious sales target has been set at South Africs — at some 2.5m troy metal coins to encompass plats.

The 98.98 per cent pure silver of months of the day of the control of shop in the open market for virgin bars bearing a hallmark other than South African," a mint offi-

Chicago

LONDON MARKETS

SILVER PRICES rose sharply in Lond buying heavily. The bullion price clos at 732 cents on ounce, a rise of 29 ce on the day. Dealers said the reason f the buying was not entirely clear, elthough trade reports that Peruvian miners plen to strike from Monday an complex, stirring inflation fears, boost sentiment. Charts are looking positive end some traders expect the metal to 750 cents an ounce soon. Gold prices were also higher, eithough the metal very much pleyed second fiddle to silver," according to one dealer. Prior thet Taiwan had suspended central b gold purchases. But dealers said the news was soon overshadowed by the strength of silver. The private sector Teiwan should import more gold follo

the removal of a 5 per cent precious

metals tax from July 1, they said.

rude oil (per barrel FOB)		+ or -
uba)	\$12,40-2,45y	+0.06
rent Blend	\$14,00-4,102	-0.025
i.T.i.(1 pm est)	\$14.60-4.65z	-0.01
Ni products (NWE prompt d		
		+ or -
remunt Gasoline	8179-181	
ies Oil (Soviet) eavy Fuel Oil	\$124-126 \$84-65	
aphtha	\$136-133	
etroloum Argus Estimates	0.00-100	
ther		+ or -
old (per troy oz)	\$440.0	+3.5
iver iper troy oz	732c	+ 29
atinum (per troy oz)	\$555.0	+ 16.0
alladium (per troy oz)	\$127.0	+4.75
(froe market)	52610	-80
opper (US Producer)	105-1055c	
sad (US Producer)	36c	
ckel (free markel)	660c	+20
n (European free market) n (Kuala Lumpur market)	Ω4305 18 84r	-0.02
n (New York)	338.5c	+1.0
nc (Euro. Prod. Price)	\$1252.5	+ 15.0
nc (US Prime Western)	65 c	
ttile (live weight)	115.23p	+2.74
neep idead weightit	192.C3p	+2.00°
gs (ilve weight)†	72 <u>.26</u> p	+0.58
endon delly sugar (raw)	\$385x	+20
endon daily sugar (white)	\$348x	+ 14
ite and Lyle export price	£342	+ 13
urley (English leed)	£104.5z	+0.5
alze (US No. 3 yellow)	£144.5z	
heel (US Dark Northern)	Ung.	
ibber (spot)♥	71.50p	+ 1.00
ibber (Aug)♥	77.50p	+1.00
abber (Sep)♥	77.75p	+ 1.00
ibber (KL RSS No 1 Aug)		+ 1.0
conut oil (Philippines)5	\$700s	
Jim Oil (Mažaysian)§	\$550x	
pra (Philippines)§	\$470	+ 10
yabeans (US)	Unq.	1 10
nton "A" index		-1.10
	65 4p	
tonne unless otherwise :		
ents/ib. r-ringgit/kg. x-		
Aug. q-Sep. w-Oct. y-Sep	o. †Maai Con	nmiexic

	COCO	E/tonne		
		Close	Previous	High/Low
85	Jly	992	1025	1020 991
	Sep	1010 1001	1038 1031	1050 1001 1038 995
	Mar	1000	1027	1022 985
	May	1017 1033	1036 1050	1035 1016 1060 1025
	Sep	1044	1067	1060 1045
	Turnov	er: 11650 (19060) lots	of 10 tonnes
	1CCO Ir	idicator pr	ices (SDRs	per tonne). Daily price
	July 14	1244.02	38 (12/6.01) 1237.54)	.10 day average for
	COFFE	E E/Ionna		
	COFFE	Close	Previous	High/Low
	Jly	1060	1089	1090 1080
5	Sop	1083	1115	1118 1000
-	Nov	1065 1114	1125 1146	1126 1094 1144 1114
	Mar	1132	1155	1164 1132
	May	1150	1100	1175 1150
_	Turnov	er: 1781 (3	729) lots of	B tonnes
g	13: Coi	no. daily	1979 115.30	ts per pound) for July 9114.69); 15 day aver-
	age 11	4.68 (114.9	6).	(1110)
_				
_	SUGA	a \$ per ton	00	
_	Raw	Close	Previous	High/Low
	Aug	356.00	345.00	366.00 350.00
	Oct	358.20	328.80	352.00 330.00
_	Dec	328.00 311.00	316.00 306.00	331.00 322.00 323.40 309.00
_	May	302.00	297.00	\$12.00 302.80
	Aug	297.00	294.00	308.00
	Militalde	Close	Previous	High/Low
_	Aug	347.00	340.00	352.50 342.00
_	Oct Dec	342,00 342,00	335.00 328.00	353.00 538.00
	Mar	341,00	336.00	351.00 315.00
	May	340.00	330.00	342.00
-	Aug	340.00 340.00	330.00 336.00	342.00 342.00
				ts of 00 tonnes; White
	2625 (3	193).		
	Paris- \	Wolte (FFr Vi. Mar 20	per tonne); 55. May 208	Aug 2100, Oct 2055, O, Aug 2065
			,,	., ,
		L \$/tonne		
-		Close	Previous	High/Low
	Aug	125.50	126.25	127.25 123.50
_	Sep	126,00	126.50	127.00 124.25
	Oct	127,25 128,25	128.25 129.50	128.00 128.00 128.50 127.75
-	I UTTIQVE	L: 0042 (0)	158) lots of '	100 tonnes
_	GRAINS		<u> </u>	10-10 000
	Wheat	Close	Previous	High/Low
	Jiy Sep	107,50 107,00	107.00 105.70	109.00 107.00 107:70 107.00
	Nov	109.65	109.30	110.10 109.50
-	Jan	112.70	112.30	113.15 112.55
	Mar May	115.00	114.55 116.75	115.40 114.00 117.60 117.00
		117.30 Close		117.60 117.00
	Berley		Previous	High/Low
_	Sep	102.20	101.00	102.00 102.20 105.50 105.15
-				102.00 102.20

110.45 112.10

110.35 112.15

	LONDO	M META	L EXCHA	MOR	
ow		Close	•	Previous	Ю
991 '	Alumini	po, 99.7%	purity (per torme)	
001 995	Cash	2620		2630-50	
965	3 month	18 2570	8 0	2580-610	
016 025	Alumini	um,89.5%	purity (E	per tonne)	
045	Cesh	1480-		1487-92	14
nes	3 month	_		1450-2	14
o). Daily price	Copper,	Grade A	(£ per tor	ane) .	
average for	Cash	1303-		1287-90	12
	3 month			1273-4	12
		Standard			
	Cash 3 month	1265- 1250-		1280-70 1235-45	
DW .					
080 080		JS center		698-701	
094	Cash 3 month	725-7 s. 736-8		711-4	719 75
114 132		per tonne	-		_
150	Ceeh	358-6		369-60	35
	3 month			360-1	366
und) for July 15 day aver-	Nickel (per tonn	oj.		
to day aver-	Cesh	14500		14160-300	14
	3 month	a 14200	-50	14000-100	14
	Zine (£)	per tonne)			
	Cash	700-1		693-6	660
OFF	3 month	8 668-7		678-80	600
350.00 330.00					
322.00	POTATO	ES Chonn	9		
309.00		Close	Previou	s High/Lox	,
302.80	Nov	84.5	85.0	84.0	
	Feb	95.0	95.0	4	
<u> </u>	Арг Мау	128.0 138.0	127,3	128,5 12	7.0
7W		r: 225 (36)		100 tonses.	
342.00		AN MEAL			
338.00		Close	Previou	s High/Lov	_
315.00	Oct	198.00	185.00	196.50 10	
	Dec	199.00	188.00	198.00 19	8.00
			191.00	203.00	
	Feb	202.00	104 00		
onnes; White	Apr	202.00	191.00	203.00	
	Apr Turnove	202.00 r: 1300 (16	10) lots 0	203.00 100 tonnes.	_
onnes; White 00, Oct 2055, 085	Apr Turnove	202.00 r: 1300 (19 FUTURE	00) lots 0 5 \$10/Ind	203.00 f 100 tonnes. ex point	
00, Oct 2055,	Apr Turnover FREIGHT	202.00 r: 1300 (16 FUTURE Close	S \$10/Ind Previou	203.00 f 100 tonnes. ex point es High/Lov	
00, Oct 2055,	Apr Turnover FREIGHT	202.00 r: 1300 (16 FUTURE Close 1208	5 \$10/Ind Previou	203.00 ! 100 tonnes. ex point :: High/Lov 1210 120	В
00, Oct 2055, 085	Apr Turnove FREIGHT	202.00 r: 1300 (16 r: FUTURE Close 1208 1310 1429	9 \$10/Ind Previou 1210 1300 1412	203.00 f 100 tonnes. ex point s High/Lov 1210 120 1315 130 1430 141	B 0 5
00, Oct 2055, 085	Apr Turnover FREIGHT Jly Aug Oct Jan	202.00 r: 1300 [16 FUTURE Close 1208 1310 1429 1433	8 \$10/Ind Previou 1210 1300 1412 1440	203.00 f 100 tonnes. ex point 2 High/Lov 1210 120 1315 130 1430 141 1463 144	B 0 5
00, Oct 2055, 085	Apr Turnove FREIGHT	202.00 r: 1300 (16 r: FUTURE Close 1208 1310 1429	9 \$10/Ind Previou 1210 1300 1412	203.00 f 100 tonnes. ex point s High/Lov 1210 120 1315 130 1430 141	B 0 5
00, Oct 2055, 065 087 123.50 124.25 128.00	Apr Turnover FREIGHT Jly Aug Oca Jan Apr BFI	202.00 r: 1300 [16 FUTURE Ciose 1208 1310 1429 1433 1465 1178	9 \$10/Ind \$ \$10/Ind Previous 12/10 1300 14/12 14/40 14/63 11/69	203.00 f 100 tonnes. ex point 2 High/Lov 1210 120 1315 130 1430 141 1463 144	B 0 5
00, Oct 2055, 085 085 080 123,50 124,25 128,00 127,75	Apr Turnover FREIGHT Jly Aug Oca Jan Apr BFI	202.00 7: 1300 (15 FUTURE Close 1208 1310 1429 1433 1465	9 \$10/Ind \$ \$10/Ind Previous 12/10 1300 14/12 14/40 14/63 11/69	203.00 f 100 tonnes. ex point 2 High/Lov 1210 120 1315 130 1430 141 1463 144	B 0 5
00, Oct 2055, 065 087 123.50 124.25 128.00	Apr Turnover FREIGHT Jly Aug Oca Jan Apr BFI	202.00 r: 1300 [16 FUTURE Ciose 1208 1310 1429 1433 1465 1178	9 \$10/Ind \$ \$10/Ind Previous 12/10 1300 14/12 14/40 14/63 11/69	203.00 f 100 tonnes. ex point 2 High/Lov 1210 120 1315 130 1430 141 1463 144	B 0 5
00, Oct 2055, 085 085 080 123,50 124,25 128,00 127,75	Apr Turnover FREIGHT Jily Aug Oct Jan Apr BF; Turnover	202.00 r: 1300 [16 r FUTURE Close 1208 1310 1429 1433 1465 1178 r: 346 (471	80) lots 0 5 \$10/Ind Previou 1210 1300 1412 1463 1180)	203.00 7 100 tonnes. ex point 1210 1220 1315 130 1430 141 1463 144 1465	500
00, Oct 2055, 085 085 080 123,50 124,25 128,00 127,75	Apr Turnover FREIGHT Jily Aug Oct Jan Apr BF; Turnover	202.00 r: 1300 [16 r FUTURE Close 1208 1310 1429 1433 1465 1178 r: 346 (471	80) lots 0 5 \$10/Ind Previou 1210 1300 1412 1463 1180)	203.00 7 100 tonnes. ex point 1210 1220 1315 130 1430 141 1463 144 1465	500
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00, Oct 2055, 005	Apr Turnover FREIGHT Jly Aug Oct Jan Apr BF; Turnover The Fri this we Other in and mile and Cyt grapes	202.00 7: 1300 [15 7 FITURE Close 1208 1310 1428 1455 1178 1465 1178 246 (471 25 Englished at 90p- ew arrival necolas from the prus Thori	80) lots 0 \$ \$10/Ind Previous 1210 1300 1410 1463 1169) autrass 1 sh cherrie ct 30 a (b) s include om South (spon soct 14.0. To	203.00 1 100 tonnes. ex point 1210 1220 12315 130 1430 141 1455 ES as are in the i , reperts FFV honey tange Africe at 50; diles and Per ouality New	bops bops B. rines
00. Oct 2055, 0065	Apr Turnover FREIGHT Jly Aug Oct Jan Apr BFI Turnover The Fif this we Other n and mill and Cyt grapes Zealant	202.00 7: 1300 [15 FITURE Close 1208 1310 1428 1433 14455 1178 7: 346 (471 AMED WEE RST Englis ek at 90p- ew arriva medias fra prus Thora both 60p- 5 klwifruit	9 lots 0 9 \$10/Ind Previou 12/0 13/0 14/12 14/0 14/0 14/0 14/0 14/0 14/0 14/0 14/0	203.00 7 100 tonnes. ex point 1210 1210 1210 1210 1210 1210 1210 121	shope IB.
00. Oct 2055, 0065 123.50 124.25 128.00 127.76 149 107.00 107.00 109.50 114.00 117.00	Apr Turnover FREIGHT Jly Aug Oct Jan Apr BF; Turnover The Fri ths we Other in and mil and Cy grapes Zeelent auppile more pi	202.00 r: 1300 [15 r FITURE Close 1208 1310 1428 1455 1173 1465 1173 r: 346 (471 351 English annoles from a rives prus Thom both 80p- d klwifruit s of red pilosultiul 45	85 \$10/Ind Previou 1210 1210 1412 1440 1463 1169) art ABA! sh cherrist 13 30 a (b) si include om South (spon soct 14.40, no 18.22 ums 18.22 ums 16.22 600 (50.82)	203.00 1 100 tonnes. ex point 1210 1210 1210 1315 130 1430 141 1433 144 1485 Es. es are in the r 1, reperts FFV i honey tange Africe at 50; diles and Per in Sponia are o quality New ip (20-30p) an i Sponia are o 00]. Galle me	shops is the state of the state
00. Oct 2055, 065 WW 123.80 124.25 128.00 127.76 18 107.00 109.50 112.05 114.00	Apr Turnover FREIGHT Jty Aug Oct Jan Apr Apr BFI Turnover The Fri this we Other n and mill and Cyl grapes Zeelant supplie more pi	202.00 7: 1300 [15 7: FUTURE Close 1208 1310 1429 1453 1178 7: 346 (471 7: 346	80) lots 0 \$ \$10/Ind Previous 1210 1200 1412 1440 1463 1180) 28TASU \$1 chemic \$1.30 a (the include om South (spon soct) \$1.40, Top are 18-25 Lums from 80p (50-5) Increasin	203.00 7 100 tonnes. ex point 8 High/Lov 1210 120 1315 130 1450 141 1463 144 1485 Es as are in the r 1, reports FPV honey tange the st 50p idles and Per 0 quality New 10 (20-30p) an 1 Spania are 10 Salis me 10 yavallable	stope iB. rines 60p lette d stors. in
00, Oct 2055, 0065 WW 123,50 124,25 128,00 127,75 WW 107,00 107,00 107,00 107,00 112,55 114,00 117,00	Apr Turnover FREIGHT Jly Aug Oct Jan Apr BFI Turnover The Fif this we Other and mil and Cy grapes Zealann auprile innore ilarger a Serross	202.00 r: 1300 [15 r FITURE Close 1208 1310 1428 1310 1428 1465 1178 r: 346 (471 346	30) lots 0 \$ \$10/Ind Previous 1210 1300 1412 1463 1463 1160) aut aut aut bit cherris C1.30 a (b) is include om South (spen see E) 40, (50, 20, 20, 20, 20, 20, 20, 20, 20, 20, 2	203.00 1 100 tonnes. ex point 1 110 1210 1210 1210 1210 1210 1210 12	thops: thops:
00. Oct 2055, 065 123.50 124.25 128.00 127.75 107.00 107.00 107.00 107.00 107.00 107.00 107.00	Apr Turnover FREIGHT Jty Aug Oct. Jan Apr Apr BFI Turnover The Fri this we Other n and mill and Cyg grapes Zeelant supplie more pi from Sp larger a Sarrons increase	202.00 7: 1300 [15] FITURE Close 1208 1310 1429 1453 1178 1345 1178 346 (471 1455 1178 AMED YIEE RST Englise et at 90p- ew arriva noreolas from prus Thom both 80p- d idwifruit 45 lanta are identifuit 45 lanta are identifui	80) lots 0 \$ \$10/Ind Previous 1210 1200 1412 1440 1463 1180) 2 ETABLE 1180) 2 ETABLE 1 ET	203.00 7 100 tonnes. ex point 8 High/Lov 1210 120 1315 130 1450 141 1463 144 1485 Be are in the r 1, reports FPV honey tange 10 (20-30) an r 1 Spania are 001 Galla me 10 (20-30) an r 1 Spania are 10 (20-30) an r	B 00 5 5 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
00, Oct 2055, 0065 WW 123,50 124,25 128,00 127,75 WW 107,00 107,00 107,00 107,00 112,555 114,00 117,00 WW 002,20 05,15 001,20 100,45	Apr Turnover FREIGHT Jly Aug Oct Jan Apr Apr Turnover The Fri this we Other in and mis Red Cyg 12 year Ternover Selarges common special the se	202.00 r: 1300 [15 r FUTURE Close 1208 1208 1310 1429 1453 1465 1178 r: 346 (471 465 1178 AMED WE'RST English re are in the solution of the so	9 lots 0 9 \$10/Ind Previous 1210 1300 1412 1440 1463 1189) 0 ETABLU include om South 1890 no So	203.00 1 100 tonnes. ex point 1 110 1210 1210 1210 1210 1210 1210 12	shope shope shope strines sop jette d d also shops in agrown supplies baking
00, Oct 2055, 0065 WW 123,80 124,25 128,00 127,75 W 107,00 107,00 107,00 107,00 112,55 114,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00	Apr Turnover FREIGHT Jty Aug Oss Jan Apr BFI Turnover This we Other n and mill and Cyg grapes Zeelann supplie from Sp larger s carross increasi st 40-66 potates Cyprus.	202.00 7: 1300 [15] FUTURE: Closs 1206 1310 1429 1453 1178 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 8	10) lots 0 \$ \$10/Ind Previous 1210 1210 1210 1210 1412 1440 1463 1180)) 1180)) 1180)) 1180)) 1180)) 1180)) 1180) 1180) 1180) 1180) 1180 1180) 1180	203.00 7 100 tonnes. ex point 1210 120 1315 130 1450 141 1453 144 1463 144 1465 Es are in the right of the	b 0 0 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
00, Oct 2055, 0065 WW 123,50 124,25 128,00 127,75 WW 107,00 107,00 107,00 107,00 112,555 114,00 117,00 WW 002,20 05,15 001,20 100,45	Apr Turnover FREIGHT Jly Aug Oct. Jan Apr BF; Turnover The Fif this we Other in and mil and Cy grapes Zeslant auppile from Sr farger a carross	202.00 r: 1300 [15 r FITURE Close 1208 1208 1310 1428 1455 1173 1465 1173 1346 1455 1465 1178 r: 346 (471 1451 1465 1178 r: 346 (471 1465 1465 1465 1465 1465 1465 1465 146	10) lots 0 \$ \$10/Ind Previous 12/0 14/12 14/12 14/12 14/12 14/13 11/16 14/13 11/16 14/13	203.00 1 100 tonnes. ex point 1 110 1210 1210 1210 1210 1210 1210 12	b 0 0 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
00, Oct 2055, 0065 WW 123,80 124,25 128,00 127,75 W 107,00 107,00 107,00 107,00 112,55 114,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00 117,00	Apr Turnover FREIGHT Jly Aug Oct. Jan Apr BF; Turnover The Fif this we Other in and mil and Cy grapes Zeslant auppile from Sr farger a carross	202.00 7: 1300 [15] FUTURE: Closs 1206 1310 1429 1453 1178 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 7: 346 (471 1465 1178 8	10) lots 0 \$ \$10/Ind Previous 12/0 14/12 14/12 14/12 14/12 14/13 11/16 14/13 11/16 14/13	203.00 7 100 tonnes. ex point 1210 120 1315 130 1450 141 1453 144 1463 144 1465 Es are in the right of the	b 0 0 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5

3 months	2570-	90	2580-610		2550-60	2589-600	7,043 loca
Aluminian	n.89.5%	purity (£	per tonne)			Ring	turnover 21,100 tons
Cesh 3 months	1480-	5	1487-92 1450-2	1445/1440		1447-8	52,566 lots
Copper, G	trade A	E per tor	ine) .			Fling	turnover 48,375 tone
Cash	1303-	5	1287-90	1285/1282	1285-6		
3 months	1289	90	1273-4	1297/1209	1271-2	1293-4	57,834 lots
Copper, 8	tandard	(£ per to	nnej				Fling turnover 0 tops
Cash 3 months	1265- 1250-		1280-70 1235-45		1250-2 1230-3		39 lots
Silver (US	cente/il	ne curice)			RI	ng ternover 20,000 ca
Cash 3 months	725-7 736-0		698-701 711-4	719 733	719-20 733-4	740-6	568 lots
Leed (E pe	er tonne					Rin	o turnover 7,000 tons
Cesh 3 months	358-6 351-2	3	369-60 360-1	357.5/357 368/359	357-7.5 359-9.5	362-3	12.272 lots
Nickel (S p	er tonne	*				R	ing turnover \$22 toon
Cesh	14500		14160-300	14500	14500-50		
3 months	14200	-50	14000-100	14300/141		14200-50	6.756 lots
Zine (£ pe	r tonne)					Ring	turnover 11,050 tono
Cash 3 months	700-1 668-7		693-6 678-60	690/689 692/673	688-90 676-8	967-8	23,992 lots
POTATOE	\$ Chonn	9			LONDON SU	LLION MARKS	π
	Close	Previou	s High/Low		Gold (fine cz)	\$ price	E equivalent
Nov	84.5	85.0	84.0		Close	430 % -440 %	260-26012
Apr .	95.0 128.0	95.0 127.3	128,5 127.0		Opening	4394-4394	25012-251
	138.0	136.0	(25,0 (27.4	•	Morning fix Afternoon fix	439.05 440.75	260.024 260.481
	225 (361) lots of	100 tonses.		Day's high	442-442 2	200.401
OYABEA		<u> </u>			Day's low	437 14-438 14	<u> </u>
	Close	Previou	s High/Low		Coins	S price	tnelavlupe 3
Oct	198.00	185.00	196,50 168.	00	US Eagle Mapleleaf	453-458 453-458	267 12-27012 267 12-27912
Dec '	199.00	188.00	198.00 198.		Britannia	453-458	28712-27012
	202.00 202.00	191.00	203.00		Krugerrand 1/2 Krug	438 ¹ 2-441 ¹ 2 228-238	259-261 135 ¹ 2-1407
			100 tonnes.		1/4 Krug	113-121	667-715
REIGHT F					Angel 1/10 Angel	452-457 45-50	667, 715, 2671, 2701, 295, 295,
					Naw Sav.	10312-10412	81-81 3
	Close	Previou			Old Sov.	10312-106	61-82
	1208 1310	1210 1300	1210 1208 1315 1300		Noble Plat	583, 15-69,6	383.9-837.75
Des :	1429	1412	1430 1415				
	1453 1465	1440 1483	1483 1440 1485		Chan C	alles co	IR en ende
	178	1160	(403		Silver fix	p/fine cz	US ets equiv
urnover:	348 (471))			Spot 3 months	427.75 438.55	724.15 738.65
	• • •				8 months	449.75	763.75
-				,	12 months	472.10	785_10
THE FIRS	IT Englis	h cherrie	s are in the ste	ope	LONDON RET	AL EXCHANGE	TRADED OFTIONS
Other ne	er actival	n.30 a (b a include	, reports FFVIB honey tangeri	nes i	Aluminium (99	.7%)	Calls Puls
and mine	ecles fro	om South	Airice at 50p-6 dies and Perie	Op	Strike price \$	tonne S	ept Nov Sept Nov
grapes be	oth BOp-S	1.40. To	quality New		2450	_	83 236 97 170
Zeeland i aupplies	dwifruit . of red pi	18-26 1975 1000	p (20-30p) and Spania are ak	» (26 50 2650		25 180 138 221 75 151 187 280
more plea	nijiui 45-	80p (50-9	Opj. Galle melo	I	Aluminium (99	5%)	Calls Puts
www.ppa		ncreasin	ily available in	1			

2360 2450 2550

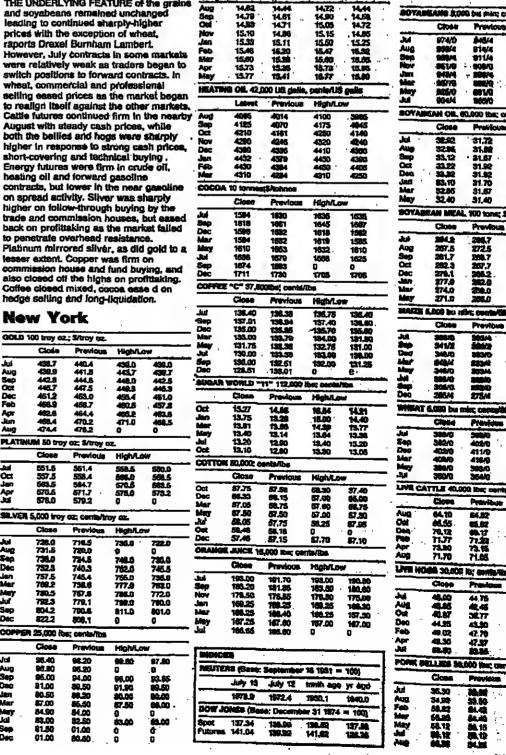
2050 2100 2250

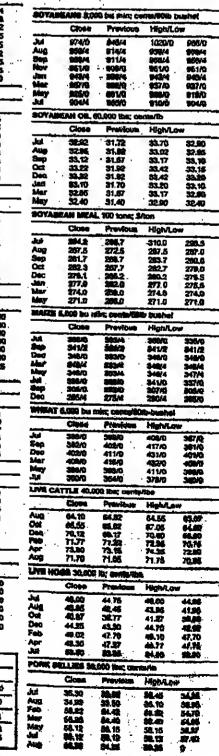
Copper (Grade A)

its farm lending.

High/Low

	fling turnover 0 topple					the nearby
	39 lots			eady cash s and hog		
Rin	g turnover 20,000 ezs	higher	in resp	onse to st	rong ce	sh prices,
				and tech		
5	568 lots	heating	oil and	forward	gasolin	0
Fline	turnover 7,000 tonne	contra	cts, but	lower in t	he near	gasoline
3	12,272 lots	higher	on folio	vity. Silve w-through	buying	by the
Rin	g tymover \$23 tonne	trade a	and com	mission h	ouses,	but eased
0-50	6.756 lots	to pen	strate o	aking as t	esistano	:e.
Ring	turnover 11,050 tonne	Platinu	m mirro extent.	ored silvé: Copper w	, as did as firm	gold to a
,	23,992 lots	eommi also ci	ssion he osed off	the highs	und bu	ying, and fittaking.
		Coffee	closed	mixed, co	CO8. 685	e d on
RKE		neage	selling i	and long-	iquidati	on.
	£ equivalent	Nev	v Yo	rk		
i,	260-260 ¹ 2 250 ¹ 2-261	GOLD 1	00 troy oz	; S/troy oz.		
	250.024 200.481		Close	Previous	High/L	5W
	204.401	Jul	438.7	440.4	436.0	439.0
4	<u> </u>	Aug Sep	439.9	441.8 444.8	443.7	439.7 442.5
	melaviupe 3	Cict	445.7	447.5	449.3	445.3
	267 ¹ 2-270 ¹ 2	Dec Feb	451,2 456,0	453.0 458.7	455.4 450.5	451,0 457.8
	257 -2-279 -2 257 -2-270 -2	Apr	462.6	464,4	466.2	463.6
1 2	250-261	Jun	468.4	470.2 476.2	471.0	464,5
	135 ¹ 2-140% 66%-71%				<u> </u>	
	25712-27012	PLATRIC		OZ. S/troy o		
1 2	295g-295g 61-61-3g		Close	Previous	High/Ld	
	61-52	-bul Oct	551.5 557.5	551.4 558.4	558.5.	580.0 566.5
B	333.9-337.75	Jan	563.5	584.7 571.7	566.0 570.5	668.5
		Apr Jul	570.5 578.0	571.7 · 579.2	575.0 0	573.2 0
	IR en ende				•	
	US cts equiv	SILVER !		OZ; COMBAND		
	724.15 738.65		Close	Previous	High/Lo	
	738.65 753.75	Jul Aug	728.0	716.5	736.0	722.0
	785_10	Sep	731.5 7 36. 0	720,0 724.6	746.0	790.0
		Déc	752.3	740.3	762.0	745.5
·	RADIED OPTIONS	Jan Mer	757.5 769.2	745.4 758.6	756.0	735.0
		May	780.5	757.6	777.0 786.0	753.0 772.0
	Calls Puls	Jul	792.3	779.1	700.0	790.0
	pt Nov Sept Nov	Sep Dec	804.2 822.2	790.6 808.1	811.0 0	801.0 0
28 22				cents/ins	<u> </u>	
17			Close	Previous	High/Lo	
	Calls Puts	Jul	98.40	98.20	99.80	97.80
			96.80	95.20	0	9 .
25	328 101 255	Aug			•	
25 19	328 101 255 284 144 308	Sep	95.00	94.00	96.00	93.85
25 19 15	328 101 255 264 144 308 245 186 367	Sep Dec Jen		94.00 80.50	91,90	89.5 0
25 19 15	328 101 255 284 144 308	Sep Dac Jan Mar	95.00 81.00 80.50 87.00	94.00 89.50 86.20 86.60		
25- 191 153	4 328 101 255 9 284 144 308 9 245 186 367 Calls Puts 8 201 59 114	Sep Dac Jen Mar May	95.00 81,00 80.50 87.00 84.90	94.00 89.50 86.20 86.60 84.00	91,90 90,00 67,50 0	80.50 80.00 66.00
25 19 15	4 328 101 255 3 204 144 308 2 245 196 367 Calle Puls 3 201 59 114 7 152 98 183	Sep Dac Jan Mar	95.00 81.00 80.50 87.00	94.00 89.50 86.20 86.60	91,90 90,00 87,50	80.50 80.00 68.00 -





EUROPEAN OPTIONS EXCHANGE

| Vol | Last | Vol | Vol

4.50 3 1.10 2.40 4.50 8.450 2.40 1.10 0.90

905771 7760

8.20 3.10 0.50

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

point if the trade figures are reasonably good.

This probably means a definite

in May of less than the \$11hn median market forecast, compered with \$9.9bp in April. A deficit of over \$12bn will be regarded as disappointing, but may prove only a temporary biccup in the dollar's upward progress, unless it is considered worryingly high. As the market adjusted posi-tions, aheed of the trade data the dollar rose to DM1.8470 from DM1.8450; to Y133.15 from Y132.90; and to FFr6.2325 from FFr6.2250, but was unchanged at

SFT1.5315. According to the Bank of England the dollar's exchange rate index fell to 98.1 from 98.2. The Bundesbank sold a relatively large \$86.5m at the Frank-

furt fixing, and was also seen in

Biond

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Y - 25 1 44 3 50 May 18

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11 1 July 20

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AUG.

£ IN NEW YORK Previous Close 1.6910-1.5920 0.265-0,260m 0.885-0.87pm 3.04-2.98pm STERLING INDEX

July 14 Province **CURRENCY RATES**

MOYEMENTS

OTHER CURRENCIES 9,3000 9,3000 1,2515 1,2525 208,90 209,95 4,3730 - 4,3750 165,70 - 1,975 70,105 7,2115 70,105 728,10 722,80 728,20 38,90 38,70 2,620 2,680 2,780 2,780 2,780 2,780 2,780 2,980 3,490 3,750 2,980 2,980 2,980 2,980 3,419 3,476 2,980 2,980 3,419 3,476 3,419 3,476 3,419 3,476 3,419 3,476 3,419 3,476 3,419 3,476 3,419 3,476 3,419 3,476 3,475 3,675

MONEY MARKETS An upward turn

INTEREST RATES took another upward turn yesterday when major US banks increased their prime lending rates by ½ p.c. to 9½ p.c., and the Dutch Central Bank increased the rate on special advances to the money market.

The rate on special advances of the rate o steady performance by the pound led to a slight easing of rates around mid-day, but this The rate on special advances was raised to 4.4 p.c. from 3.9 p.c.. This was more than expected in

the market. Dealers were looking for an increase to about 4.1 p.c., but the move was said to reflect a weakening of the guilder against the D-Mark, within the EMS. There had been some specula-tion the West German Bundesbank would increase its Lombard emergency financing rate from 4.50 p.c. at yesterday's council

Michaeling healt been femiling rate to per sent trees July 4

meeting, but on balance dealers In the afternoon the Bank of were not surprised when the central bank left its credit policies bills in band 4 at 9% p.c. Late unchanged Call money in Frank- assistance of £75m was also profurt remained around the 4.50 p.c. vided.

level.

The Bundesbank also maintance and a take-up of Treasury tained its target of 3 p.c. to 5 p.c. bills drained f241m, with a rise in for M3 money supply growth in bills drained f241m, with a rise in 1988, despite shows target growth the note circulation absorbing in the first half of the year.

175m, and bank belances below

in the first half of the year.

Economists pointed out that target £20m. These factors outBundesbank intervention on the weighed Exchequer transactions
foreign exchanges has drained adding £5m to liquidity.

The good

The go

scale, and mainly confined to the west German Bundesbank at its highest level against the Dealers regard DM18500 as a dollar since December 12, but the the range of most expectations.

Sterling hovered around the \$1.69 level for most of the day, before closing 15 points lower than Wednesday's finish at \$1.60 feet.

member of the European Mone-tary System. Yesterday's rise in Dutch intarest rates was regarded as a move by the authorities to strengthen the guilder, which has slipped below the the D-Mark in the EMS. The Belgian National Bank made a similar move on Wednes-day.

Sterling opened on a weak

On Bank of England figures the pound's index was unchanged at 75.1. **EMS EUROPEAN CURRENCY UNIT RATES**

Divergence ±1.5344 ±1.5404 ±1.0980 ±1.3674 ±1.5612 ±1.6604 ±4.0752

ment was also encouraging, and the June figure was in line with

\$1.6895. The pound was unchanged at DM3.12, but rose to Y225 from Y224.75, and to FFr10.53 from FFr10.5250, while easing to SFr2.5875 from SFr2.59.

POUND SPOT- FORWARD AGAINST THE POUND 1.6880 - 1.6735 2.0390 - 2.0495 3.514 - 3.523 9.529 - 45.45 1.864 - 11.991 1.600 - 1.1640 3.114 - 3.124 25.25 - 25.4 90 26.30 - 207.30 20.30 - 207.30 10.51 - 10.535 10.704 - 10.744 2.244 - 2.255 2.1.97 - 21.97 2.589 - 2.594

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

0.27-0.24;pm 0.14-0.17:cl8 0.14-0.17:cl8 0.59-0.57;pm 4.50-3.00;pm pm-0.50;rm (53-0.47)rpm 55-0.02;pm 2.70-3.40)red8 2.70-3.40)red8 2.65-2.10;pm 1.25-1.35;red8 0.25-2.37;pm 4.65-0.51;pm 4.65-0.51;pm

Year 1981 51 44 50 6 11 77 77 88 88 88 88 からない からない

EXCHANGE CROSS RATES FFr. SFr. HFL Lie CS BFr. 1690 3.170 225.0 10.53 2.500 1.520 2514 2.542 65.30 1 1894 1331 6.231 1.531 2.003 1349 1.208 3844 \$ 13.87 72.12 1128 741.7 15.64 10284 9.076 3.375 46.80 0.829 9552 7,511 1.605 2.943 213.7 0.653 1.204 84.94 4.064 1363 2198 1360 8941 0.400 0.866 0.730 1.348 1 1.521 | 1500. 0.580 0.882 63.92 77.23 2.991 4.551 0.735 1133 3544

0.828 1.528 2.568 4.778 1102 \$157 \$141 1.531

was offset by the general upward trend in international interest

rates, and comments by the

In the afternoon the Bank of

Chancellor.

4 at 9% p.c.

FT LONDON INTERBANK FIXING

3127

Q1.00 a.m. July 10 3 mantis US dollars 4 results US Collars

MONEY RATES NEW YORK

The Bank of England forecast a credit shortage of £350m on the London money market, and provided total help of £350m.

Before lunch the authorities bought £330m hills outright, by LONDON MONEY RATES way of £23m treasury bills in band 4 at 9% p.c.; £2m local authority bills in band 4 at 9% p.c.; and £105m bank bills in band

105 105 3.55-8.50

Transact Will American tensions 9%, not early State States (sold) is framework States States (sold) is framework States States (sold) in State

FINANCIAL FUTURES

The good news and the bad

good news on UK average earnings. The lower than expected figure another jolt when US banks ure on earnings in May temporarincreased their prime lending
ily reduced some of the fears rates, although the move was not
about inflationary pressure, but totally unexpected. the encouragement for the mar-

ket was short lived.

In the afternoon, Mr Nigel
Lawson, Chancellor of the Exche-quer, told Parliament he was dissatisfied with the current level of inflation, and that interest rates will be set et whatever level is This was a disappointing per-formance, given the unexpectedly tion.

US Treasury bond futures closed near the day's low on Liffe, as the rise in prime rates wiped out earlier small gains on the news that US retail sales rose

Market volume remained sub dued ahead of today's figures on US trade.

147 147 147 147 158 179 187 187 187 150 150 150 1135 1135 1140 1140 LIFFE SHORT STERLING

22-25

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7-18 YEAR 9% INSTRUMAL CR.T 654,868 Stade of 180%

LIFFE 1/5 8PTIONS 625,886 (ceals per 61)

LONDON (LIFFE)

High Low Pres. 86-05 85-18 86-23 85-28 CURRENCY FUTURES LEFFE-STERLING \$25,000 5 per \$

High Low 14628 14628

1,68% HH-STERLING Se per S

1-001 3-000 6-001 12-001 14870 14807 16772 14575 16850 16870 1670 1670 16826 1690 16750 16758 16650 16678

promissory notes were provided as security. The SwFr 10m was

paid over on December 31 1985.

By instrument in writing dated April 7 1986 FBCF purported to sell and equitably assign to Chase Manhattan until June 29, its interest in a moiety of the loan, in the proceeds of the letter of credit and in one of the promissory notes, in consideration of a SwFr5m payment by Chase Man-

ing FBCF to buy back the moiety for the same consideration on June 30.

subject of a compulsory wind-ing-up order. The Official Receiver was appointed liquidator. In the winding-up he claimed that the transaction of April 7 was void as against him for want of registration under section 80 of the Companies Ordinance (Cap 32), and that FBCP was therefore under no liability to "buy back". On June 12 1967 Chase Manhat-

In June 1987 Mr Justice Jones

C-Call B-Bid

BASE LENDING RATES ABN Baul Adam & Conspany

Adam & Conspany

AAB - Allied Arab Bt

Allied Irish Bank

Heary Ausbacks

AXZ Banking Group Bank of Corns Bank of Ireland . Bank of India Bank of Scotland
Bangue Belge Ltd
Banclays Bank
Benchmark Bank PLC
Berliner Bank AG

HODGOVENS P
YALM C
KLM P
KANP C
KNP P
HEDLLOYD C
HEDLLOYD P
NAT. NED. C
PHILIPS C
ROYAL DUTCH C
ROYAL DUTCH C
ROYAL DUTCH C
ROYAL DUTCH C
WHISCORP
WINIEVER C
WHISCORP I

Citibenk RA
City Merchants Bank
Citydesdale Bank
Comm. Bk. N. East Co-operative Bank ... Coetts & Co Duncan Lawrie Financial & Gen. Sec First National Bank Pic ... Girobank ____ Grindlays Bank __ • Gutuness Mahon _ meritasie & Gen lov E

Rifi Samuel

C. Hoare & Co.

Hongkong & Stangh

Lloyds Bauk Brit Bt of Mid East..... Brown Stripley
Business Mage Tst
CL Bank Mederland Cestral Capital Charterhouse Bank

United Bit of Kowalit
United Mizzata Bank
United Mizzata Bank
Unity Trust Bank Pic
Western Trust
Westpac Bank Corp.
Writeaway Laidlaw

Nat Bk. of Kuwait.

Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38% Savewise 7.15%. No Ter-£28,000b-bistant acces 9.0% & Mortgage base rate. § Demand deposits 5.0%. Mortgage 9.125% - 9.5%

AW REPORTS

Buy-back liability survives

CHASE MANHATTAN (ASIA) LTD v FIRST BANGKOK CITY-FINANCE LTD

Court of Appeal of Hong Kong(Judge of Appeal Kempster, Judge of Appeal Clough and Mr Justice Rhind): July 1 1988 THE SALE by a company of its interest in part of a loan is absolute despite provision for re-purchase by the company at the same price. Therefore, in the

absence of contrary intention, the transaction is not a charge void as against the company's liquidator for lack of registration, and the repurchase liability The Hong Kong Court of Appeal so held when allowing an appeal by Chase Manhattan (Asia) Ltd from Mr Justice

Jones's decision that a "buy back" agreement between Chase Manhattan and First Bangkok City Finance Ltd (FBCF), was void as against the Official Receiver. An eppeal by Chase Manhattan from the judge's refusal to make a declaration of trust in its favour in respect of a promissory note assigned to it by

FBCF was dismissed.
JUDGE OF APPEAL KEMPS-TER said that on December 19
and 27 1985 FBCF agreed to lend
a Thailand company SwFr10m for
a real estate development.
A letter of credit issued by a
guarantor bank and two SwFr5m

hattan to FBCF. There was a provision requir-

FBCF defaulted on that provision. It was insolvent. On September 15 FBCF was the

Thailand company.

Consideration of the appeal on Chase Manhattan's summons revealed that the SwFr5m promissory note assigned to it by The eppeal from Mr Justice

FBCF, was never indorsed or Jones's order refusing Chase delivered when the purchase price was paid, as required by the April 7 instrument. Since the agreement therein was part performed and Chase Manhattan Section 80(2)(e) called for registration of charges made on the "book debts" of a company. Those were such debts as would be entered in the books of a wellconducted organisation. The agreement therein was part per-formed and Chase Manhattan Mr Justice Rhind agreed SwFr10m loan would come within such parameters. negotiable instruments were not book debts. Nor were they to be treated as charges on book debts

within the meaning of the section if deposited to secure repayment But assignment of FBCF's right in the note determined on of borrowed monies. Once the purchase price had been paid, a sale would not give June 29 1986 prior to maturity.

rise to a book debt.

The Official Receiver therefore had to demonstrate that the parties' intention on April 7 was not what it purported to be, but was to create a charge in favour of Chase Manhattan on the moeity of the SwFr10 m loan, so as to secure repayment by FBCF to Chase Manhattan of a SwFr5m

against both determinations.

In Alderson v White [1858] 2 De G & J 97,105 Lord Cranworth said that an absolute conveyance did not cease to be a conveyance and become a mortgage just because the vendor stipulated that he had a right to repurchase. He said "In every case the question is what, upon a fair consideration, is the meaning of the instruments?" Recourse might be had to all the circumstances in which the

transaction came about. No evidence was adduced to show that the April 7 document was not a true record of the transaction. Since FBCF could not recover

from Chase Manhattan the moi-ety of the loan before the "buy back" date, or interest after thet date, and since the parties were under no liability to account to each other for profit or loss made by Chase Manhattan on its sale prior thereto, the terms of the April 7 document seemed to dem-onstrate the incidents of Bale rather than of mortgage or

The April 7 transaction was to be construed, according to its tenor, as a sale with provision for

repurchase.

If that was right, it was not void as against the Official Receiver by reason of section 80. If it was wrong, any charge in favour of Chase Manhattan would have determined on June tan sought specific performance 29 at the same time as the assignment of a provision that FBL? was to transfer the SwFröm note by way of security against default by the Thailand comment of the loan, and its rights under the promissory note and better the promissory note and letter of credit.

The order made by Mr Justice

granted the relief sought by the Jones on the Official Receiver's together with Chase Manhattan's summons must be set aside. beneficial interest and FBCF's trusteeship. On June 12 1987 Chase Manhattan appealed Chase Manhattan's summons Chase Manhattan had no interest

within such parameters.

Promissory notes or other negotiable instruments were not book debts. Nor were they to be treated as charges on book debts. Nor were they to be treated as charges on book debts. Chase Manhattan's behalf as Lightman QC and Christopher within the meaning of the section.

Rachel Davies Barrister

SATELLITE **BROADCASTING**

S mith.

The Financial Times proposes to publish this survey on:

29th JULY

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FINANCIAL TIMES

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10 Nothing thereabout regarding this matter (5)

11 Sing badly after peaceful times aide (8) ace (8)

16 Measure beer to cause exasperation.... (8)

17and see a hand out in the pub before time – how idle! (8) (8)
12 Leave ship work to start tongues wagging (6)
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2 A number of legs (6)
3 Topped sound instruction to give it a light blow (6)
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6 Then moon for June, for instance (3.5)
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GUIDE TO UNIT TRUST PRICING

The price at which units may be sold.

CANCELLATION PRICE

The maximum spread between the offer and bid prices is determined by a formula fall down by the government. To practice, unit trust managers quote a much narrower spread. As a result, the bid price is often see well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME. The firms shown alongside the fund manager's name is the time at which the unit trusts' delity dealing priors are normally set unless another time is indicated by the symbol alongside the individual soft trust name. The symbols are as follower $\phi = 0.001$ to 1.00 hours; $\phi = 1.00$ to midnight.

The letter H denotes that prices are set on a historic basis. This means that, unless there has been so interesting portfolio residuation, investors can normally buy and self-indix today at the grices appearing to the newspaper which have been set on the basis of justicriter's asset, value.

PRINCIPLE
FORWARD PRECING
The letter F denotes that prices are set on a forward basis so that investors can be given as delighte price in advance of the purchase or sale being carried out. The prices experiency in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust information

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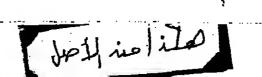
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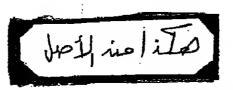
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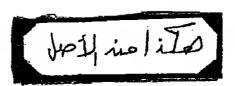




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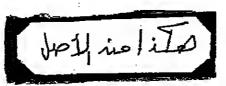
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waited to see how the foreign

exchange sector will react today

for the US monthly trade deficit

British Acrospace remained

suspended as the market awaited

saga. Other defence stocks gave

back a little of the gains chalked up since news of the £10bn Saudi

spots. Eurotunnel moved higher

after a British Rail survey of the

Channel Tunnel proposals

tion of new high epeed railway

Government bonds shied away

prices clawed their way upwards

again, to end the session a net 14

about the company's future. The latest rumour was that a possible

management buy-out and break-up was in the offing However, Mr Nick Bubb, Mor-

gan Stanley's influential stores

analyst, regarded a buy-out as

unlikely; "It just doesn't suit their style." The rumour-mongers

may bave been confused by news

oold its shoe-manufacturing oper-ation to management for £10m.

said Mr Bubb. The consensus in the market is that someone is

definitely building a substantial stake in Sears. Although no

names have yet emerged, observ-ers favour an Australian consor-

tium as the most likely predator. Empire Stores, the Bradford-

to 255p on news that Freech mail

order concero La Redoute had

FT - ACTUARIES INDICES

These Indices are the joint compliation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

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Gross Div. Yield X (Act al (25%)

earlier this week that Sears had

Among a scattering of firm

SATISFACTION IN London securities markets with the latest to the US trade figures. The data on the UK economy was equity market's median forecast restrained yesterday by an unexpected increase in prime rates by stand at around \$11hn, with Robthe New York banks, a developert Fleming aiming for \$12bn. ment which did nothing to lighten the mood ahead of today's release of the US trade figures for the next twist in the Rover Group May. In late deals, some consumer stocks reacted cautiously after Mr Nigel Lawson, the UK Chancellor of the Exchequer, said he was "dissatisfied" with cur-

rent rates of domestic inflation. The announcement that Citicorp Scrimgcour Vickers was withdrawing from marketmaking seemed to favour the construcin the UK Government bond section of tor came towards the close of a tracks. subdued trading session in Gilt-edged. Citicorp Scrimgeour is the fifth marketmaker to pull out of a highly competitive UK bond market since Big Bang in Octo-

However, bond prices made oo response to the Clticorp etateto the good.

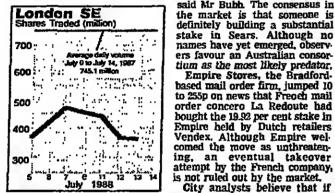
Turnover was a shade better ent and closed barely changed

The equity sector, which had ocen cdging higher following news of buoyant industrial production and better than expected down on the half point rise in US primes to 91: per cent. There was not a great deal of action in the mot a great deal of action in the market leaders, but strong Yet for the second day running demand for second lice stocks turnover reached the 13m mark, lifted Seaq tradiog volume to prompting further speculation

526.6m shares. The FT-SE 100 Index closed 8 points down at 1863.3, its low

point for the day.

The City was pleased with the news of a fall in underlying wage rises to 8.5 per cent and the rise in manufacturing output in May. However, some analysts took a cautious view of the Chancellor's continued concern over Inflation, suggesting that any further rise in domestic rates would hit bard



EQUITY GROUPS

& SUB-SECTIONS

Figures in parentheses show number of stocks per section

Metals and Metal Forming (7).

Motors 1141.

Other Industrial Materials 123).

CONSUMER GROUP (1877).

Brevers and Oistillers 121).

Food Manufacturing (22).

Food Retailing (16).

Health and Household 123.

Leisure (30)
Packaging & Paper (17)
Publishing & Printing (18)
Stores (34)
Textiles (17)
OTHER GROUPS (93)
Agencies (19)
Chemicals (21)

FT-SE 100 SHARE INDEX 4.

Property (50) ... Other Financial (30).

71 Investment Trusts (78) ...

Leisure (30) ...

Economic data well received but markets remain

at consumer spending and mortnervous ahead of US trade news gage activity. The international blue chips were mostly easier as the market

	July	July	July	July	July	Year	19	88	\$lace Co	mpilation
	14	13	12	ш	В	Ago	High	Low	High	Low
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Fixed Interest	97.19	97.34	97,27	97.43	97.38	98.51	98.67	94.14	105.4	50.53
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Ord. Olv.Yleld	4 49	4.48	4.50	4.45	4.46	2.99		S.E AC		
Earnings Vid. %(fp10	11.40	21.37	11.42	11.29	11.33	7.25	In	álos	July 13	July 12
/E Ratio (netXº)	10.68	10.72	10.66	10.78	10.75	16.96	Glit Edged I	Bergales	116.2	133.5
SEAQ (Sargains (Spm)	27,640	23.962	25,385	28,555	27.320	61,215	Equity Barg	2105	. 169.0	101.8
quity Terrorer (Em)		905 87	985.17	986.32	1288.97	2272 69	2-Day avera	ge	1831.0	1991.3
		26,085	28,060	31,599	26,978	73,910	Cill Edged I	argains	J 1425	156.1
Equity Bargains	•			446.5	451.1		Equity Barg	2185	180.8	180.8
ihares Traded (ml)		365.8	370.0	446.3	451.1	866.4	Equity Value	P	2258.4	2408.5
										-
♥ Opening 10 a	.m.	11 a.m.	.] 112	p.m.	1 p.n	<u></u>	2 p.m.	3 p.m.	4	o.m.
1502.3 149		1503.1		06.0	1505		501.7	1498.9		8.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mires 12/9/55, S E Activity 1974, * NII-- 10.58.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Oil and gas shares remained extremely nervous about crude oil prices, which dipped around 30 ceots a barrel yesterday. Turn-but most other stocks ware over in the sector was again at a marked down. relatively low level, and Shell lost 12 to 1037p with some 1m

shares traded.
BP continued to mirror general nervousness over the possibility of the Kuwait Investment Office unloading part of its stake and the "old" shares were finally a fraction off at 260p while the "new" slipped a penny to 61½p; turnovers were 3,9m and 4,7m shares respectively, British Gas, where turnover in

the shares reached 5.5m, slipped to 184p after a fair amount of "arbitrage" activity with the restricted trading stock. The lat-ter initially moved up to 78p but bought the 19.92 per cent stake in later fell back to close unchanged Empire held by Dutch retailers at 176 p after turnover of 3.7m. later fell back to close unchanged

LASMO dropped 5 to 453p and Enterprise 6 to 466p while Ultramar came under late pressure to close 6 down at 295p. Calor dropped 10 to 378p following a spate of late selling.

Wed

13

Tot

12

Mon

11

Year

four years away, at least one senior Stores market-maker ing ahead of today's US Trade believes that Empire will fall into Continental hands by 1992. also damaged sentiment. Bee-cham stood out with a rise of 2 to 474p in turnover of 2.1m shares,

ICI ended at £16%, down after minimal turnover. Interim figures are due on July 28 - Kleinwort Grieveson is forecasting £390m for the second quarter and £748m for the full interim. Glaxo gave up 6 to 993p and Wellcome retreated 4 to 522p. Reuters reacted to heavy selling of its ADR on Wednesday and retreated 13 to 549p as dealers commented on the stock's cur-

commented on the stock's current volatility.

The "big-four" banks drifted easier in relatively quiet trading.
Barclays Bank lost 4 to 416p, as did Llnyds, 299p, and Midland, 438p. NatWest eased 2 to 583p.

Merchant banks were again

highlighted by Morgan Grenfell where bid speculation continued to boost the shares which settled a further 5 higher at 320p. Life assurances suffered a fresh bont of profit-taking with Abbey particularly unsettled and

on the US bond sector.

Sears dropped 3 to 1260 on mid-morning profit taking after a denial from Australian retailer Coles Myers that it had bought the Al Fayed's 10 per cent stake. dealers said. Communical Union were marked down 3 to 375p and similar falls were seen in Sun Alliance, 966p and Royals, 420p, the last-named despite talk of a tie up with a major italian insur-

ance group.

Brewery stocks were mixed, with most of the leaders ending worse. Vaux. however, continue to surge, rising 13 to 640p, after 644p. Dealers thought stakebuilding at that level was unlikely and commented that there a shortage of stock had again helped the shares higher. Burtonwood added 4 to 164p in a thin market amid rumours that figures due soon might contain a pleasant aur-

British Aerosapce continued to provide a major talking point fol-lowing the last minute hitch in the expected Rover car group deal, A number of analysts are ed still to favour the take over of Rover, despite the revised terms put forward by the Euro-

LONDON TRADED OPTIONS

(some 4.1m ahares changed hands yesterday) before closing unal-

Others took a different view, but one source commented that

even if the deal does not go

through, BAe shares should be bought on the back of the recent Saudi Arabian arms agreement.

Granada were actively traded

vesterus y beaute though the tered at 307p. County NatWest will enjoy a price earnings ratio WoodMac are currently hullish next year of around 10 times. about the group's TV Broadcast-ing and Production division tech which followed the recent which they believe is anunderval-steep rise with a fresh gain of 6

market expectations, but failed to inspire a great deal of activity and the shares closed a shade

cellor expressed concern about domestic inflation. Marks & Spencer closed tuppence off at 174p having moved up 3 points earlier in the day after a reasonahly hullish agm. Storehouse drifted back from a 7 point rise to end on 245p, a penny better on turnover of 4.1m. Ratners rose 4 to 262p after announcing the acquisition of Stephen's Jewellery, while Ward White improved 4 to 296p on the back of a buy recommendation from securities house County NatWest Wood-

Ferranti attracted a turnove of 20m and the shares fluctuated between 92p and 88p before settling a net 3 off at 88%p after the company revealed inferim profits of £68m, compared with last time's £50.2m and estimates which had ranged up to £72m.

Plessey performed well, closing 2½ up at £69½p with turnover reaching 6.5m after news of the £182m acquisition of the electron-

ics systems of US group Singer. BICC jumped 11 to 356p in the wake of a Citicorp Scrimgeour NEW HIGHS AND LOWS FOR 1988.

AMERICANS (0) CANADIANS (4) BANKS (3) BANKS (3) BANKS (4) CANADIANS (4) BANKS (3) BANKS (3) BANKS (3) BANKS (3) BANKS (4) CANADIANS (4) BANKS (4) PAODO (5) BANKS (4) PAODO (6) TANKS (4) PAODO (6) TANKS (4) PAODO BANKS (4) AMERICAN PARADERS (1) ARRES (9) TANKS BANKS (4)

Vickers huy recommendation while persistent institutional demand lifted Amstrad 4 to 219p.

Cable & Wireless, where turnover topped 5m, raced up 12 to 380p on the back of a substantial broing order early in the degrand 252p.

bnying order early in the day and news of a "bny" recommendation from Chase Manhattan's Patrick Hickey, who says that with the Mercury division set to move strongly into profit and with cur-rency movements set to move in the company's favour the shares

which they believe is anumeerval—steep rise with a fresh gam or so used area. They also suggest that at 261p after news that Swiss the shares offer good value since the market has yet to react to 29.9 per cent stake(16.65m shares) for 550m or 300p a share. Unitech says the money will be used to says the money will be used to "pursue expansion plans particularly in the US".

Rank Organisation's interim figures were well in line with market expectations, but failed to inspire a great deal of activity cast of orders of around 450.000

cast of orders of around 450,000 for next month's new F regisand the shares closed a snare easier on the day at 787p.

Lep Group came into prominence, closing 13 to the good at 148p with Hoare Govett keen buyers of the shares.

Stores stocks rallied well in the morning, only to be pegged back with a rise of 15 on balance at 112p.

The Foods sector was enlivened by the speculation sur-rounding Ranks Hovis McDourounding Ranks Hovis must be rounding Ranks Hovis must be rounded from shares. Press London Share Service comment lifted Tesco 4% to 151p. Dealers reported a quiet day in the Traditional option market.

with a gain of 29 to 298p. Dealers put, while a double option was said bid rumours were highly arranged in North Kalgurii.

speculative. Nurdin & Peacock improved 4 to 166p on confirma-tion that Dutch holding company SHV has a 5 per cent stake.

Rush and Tomkins, still

Wace Group rose 13 to 291p after recent institutional visits generated the perception that its

All three of the day's new All three of the day's new issues enjoyed satisfactory debuts. Property firm Broadwell Land opened at 1589 - they were placed at 1559 - and immediately moved up before closing on 1759, a 17p premium. Christia Group opened at its placement price of 145p and ended the day on 165p, while Buckmall Austin, having greened at 123p earged a 15p preopened at 123p, earned a 16p premium against its placement price

of 110p.

Business in the Traded Options Business in the Traded Options
Market picked up, with a total of
28,556 contracts traded on the
day (23,290 calls and 5,286 puts).
Plessey were popular, with 3,174
calls and 224 puts exchanged.
Sears also had a good day, reporting 2,840 calls and 220 puts.

Traditional Options

• First dealings July 11 Last dealings July 22
 Last declarations Oct 13

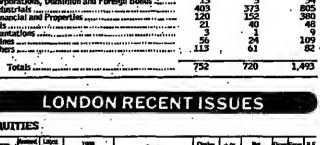
while united discuss rose 7 to 500 in heavy trading as attention focused on its low rating.

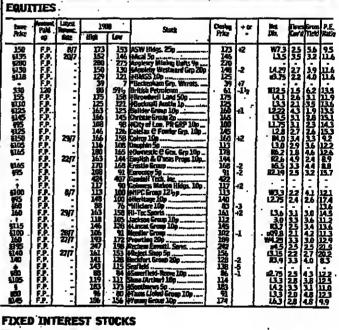
Meat Trade jumped 23 to 285p as an aggressive buyer chased stock in a thin market. Geest Westland, and Corton Beach. Tesponded to persistent comment with a gray of 20 to 2000. Dealers

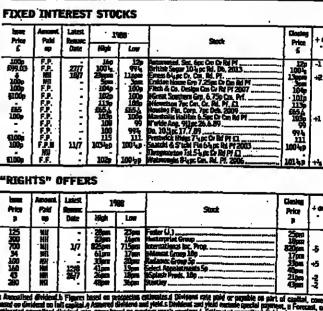
TRADING VOLUME IN MAJOR STOCKS

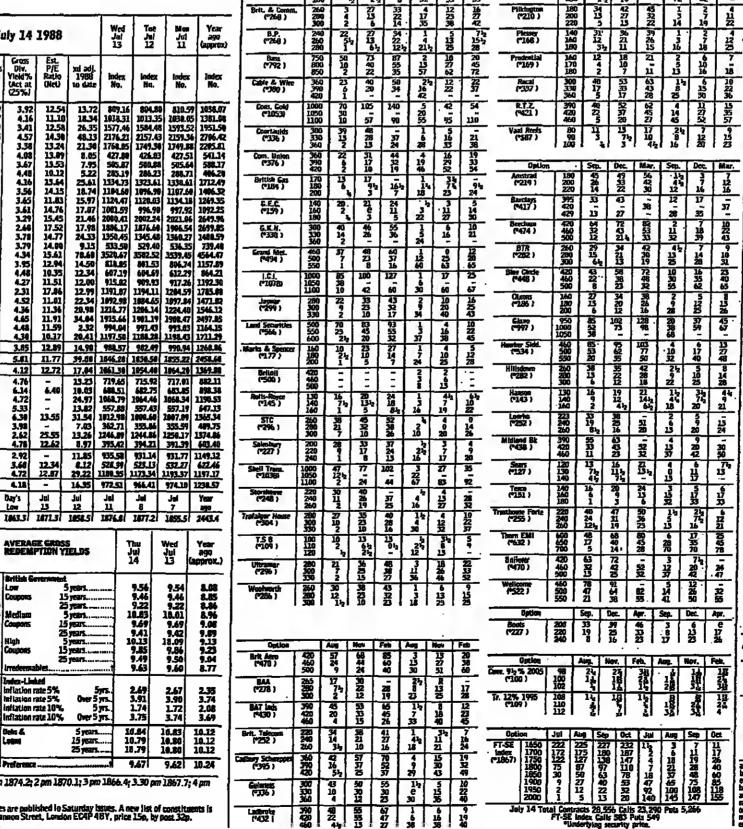






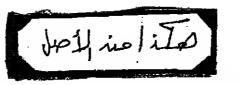


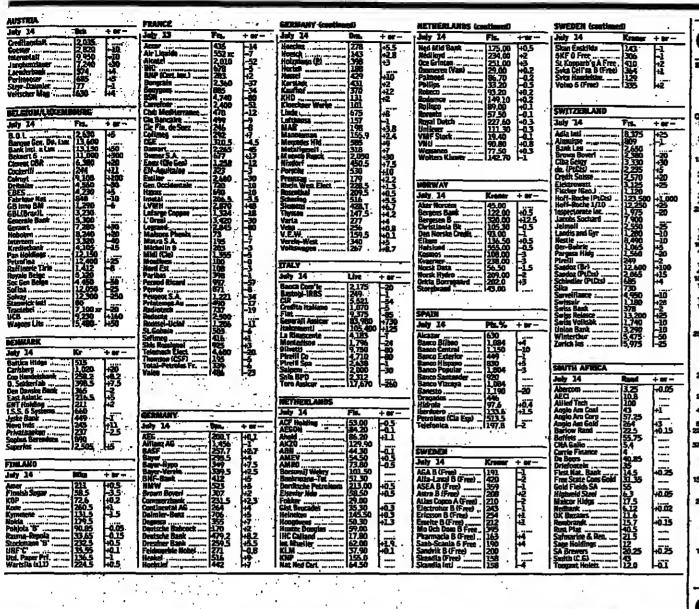




	FI	XED	INTE	REST	٠		AVERAGE CROSS REDEMPTION YIELDS	Thu Jul 14	Wed Jui 13	Year ago (approx.)	
	PRICE INDICES	Thu Jul 14	Day's change	Wed Jul 13	xd adj. today	xd ad). 1988 10 date		British Government Low 5 years	9.46	9.54 9.46	8.85
1 2 3	British Government 5 years 5-15 years Over 15 years	120.71 136.60 147.12	-0.82 +0.03	120.78 136.42 147.08	-	6.14 7.17 6.88	4 5 6 7	Mediam 5 years	19.63 9.69 9.41 10.13 9.85	9,22 18,01 9,69 9,42 18,09 9,86	8.96 9.06 9.89 9.13 9.23
- 4 - 5	Irredeemables All stocks Index-Linked	163.02 134.05		162.90 134.08		7.30 6.81	10 11	25 years	9,49 9.63 2.69	9.50 9.60	9.94 8.77
6 7 8	Over 5 years	128.98 119.76 120.29	~0,07	128.11 119.84 120.36	- - -	1.12 1,89 1.82	12 13 14	inflation rate 5% Over 5 yrs. Inflation rate 10% 5 yrs. Inflation rate 10% Over 5 yrs.	3.91 1.74 3.75	2.67 3.90 1.72 3.74	2.35 3.74 2.08 3.69
9	Debestores & Louis	_		117.68 93.59	-	6.47 3.31		tieks & Syears Loans 15 years 25 years	10.84 10.79 18.79	10.83 10.80 10.80	10.12 10.12 10.12
	Preference				73.7; Noo			Preference	9.67 6.4; 3.30	9.62 pm 1867.	

1 Flat yield Highs and lows record, base dates, values and constituent changes are published to Saturday Issues. A new list of co available from the Publishers. The Financial Times. Bracken House, Cannon Street, London ECAP 4BY, price 150, by por CONSTITUENT CHANGES: Estates Property Investment(69) bas been deleted.





PAN .		et e i i i	5					٠. '				AUSTRALIA (continued)	
	Yes	+ er -	Jaly 14	Yes	+ 94 -	July 14	Yes	+ er -	July 14	Yen	+ 94 -	July 14 Aus	ts + or ·
- Alexandra	3,630	-50 -10	Jasco	2,090	1-50	Nippon Labletaf	1.900	115	Telkoka Dil	- 831 - 870	10	Kieston Gold	
Hippon Ale Electric	3.630 1.750 1.830	+50	Kafleta	1.410	-30	Nippon Mext Pack	1653	120	Toz. Nenryo Kyo	1.800	-19 -20	MIM 21	2
Mts	1,213	-10	Kaorbo	. 1652	+2	L SCHOOLS OIL	1.000	+10	Tobishima	1190	300	Mayor Michiess 6.4 Nat. Aust. Bank 6.2	E HOO
Construct	1,690	425	Kanegafuchi Ches	. 995 3,260	-	Nippon Road	. 80g 863	133	Tokai Bank	28,500 2,240	+10	1 News 111.	15 I-O.C
TMI	885 2,450	-10	Kansal Elect Power . Kansal Palet	. 1716	10 12 12 12 12 12 12 12 12 12 12 12 12 12	Nippon Seltro	863	+ 2 +10	Tokai Carbon	700 1.820	L-7	Noranda Pacific 9,8 North Bko Hill 3,4	0.0
COVID.	1,030	+10 -190	Kan Corn	1,780	-10	Nippon Steel	950 1,150	140 142	Tokyo Electric Per	2.510	-30 -60 -10 -40 -20 +10	Galdridge	1
d Charalesia	6,060 1,040	-20	Kashiyana	. 1239	+28	Nippon Steel	. 723	+12	Tokyo Electric Per	5,760	-10	Pacific Dunlop 4.3	9 -0.0
Glass of Nylon	1.950	+20	Kawasati Stee	748	+12	Nippon Spisson	785	+52 +1	Tokyo Electron Tokyo Gas	1136	20	Ploneer Coac	5 +0.0 8 +0.0
Tolgo	1.560		Kikkoman Shoyu	748 1,210 2,640		Nistignates Coas	756 1,250	+1	Tokyo Gas	2.670	+10	Placer Pacific 2.3	3 -0.0
Pharm	1.560 1.400 1.320	-10°	Kirin Brewery	- I-L-77U	-10	Nissel Same	J1 990	+30 +30 +10	Tokyo Style	1,830	+130 +10	Poseidon	4 -0.0
er inds	332u	+30	Kobe Steel	3290	-40	Missin Flour	1,430	+10 -10	Tokyo Car Tokyo Corp	1,200 1,410	-10	Santos	0.0-1
s Food	1.470		KOKINO - MERCENSIA	3,150	\$355 \$55 \$55 \$55 \$55 \$55 \$55 \$55 \$55 \$55	Nisshie Oil	7 350		Tokyti Land	1935		Thos Naturale	3 ⊢0.1
a Sales	1.470 1.320 3.150	+50	Konka	1,690	-30	Nissin Food	727	-90 -16 -10 -20	Topoar Print	1,790	+15	Tooth 9.00	2 -
Changeler	1,230 .	-40 -10	Konka	. 13,740:	-60	Nongra	3,750	-10	Total	1.070	+10	Western Mining 16.3	8 HD.0
cal Class	80.7 850	33	Kenagal-Geni	. 761 1,030		Noritalix	11.220	F-20	Toshiba Machinery	2,060	-7	Westoat 6.4	2 40.0
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al Pharm	3.320 1.630	413	Kucha Cherdical	1,140	-10 -70 -50 -40	Octalogy Elec Rty	1380	+20	Toyo lak	. 740 . 886 . 680	19 89 750	Wormald Intl 11.8	i hãi
	1910: 1876			5.250 1.520	-30	Oki Electric	1,090	+60	Toyo Selicat	. 12.620	-50	HOME KOME	
Stoel	796	北	Kypen Hakke			Digwig Mack	990	-30	Toyota Motor	800 2.720	180	July 14 H.K	3 + pr
de Kan Bank	796 2,240 3,000	+190	Lies manners	13,060	-20	Olympus	12.090	+60 -10 -20 -10 -10			-	Bank East Asta 183	
n inds	1,130	-50	Macia Construct Matino Million	1250	-40	Doo Pharm	1,000		UBE lade	- 632 - 570	-8	Cathy Pacific 18.66	0.04
o Kasko	2,690 805	-10	Makita Elect Wk	852 1,720	*****	Coloni Cleanes	5.790 1.400	+30	Valtitat			Cheng Kong	10 I-03
	7.450	16 14 170 15	Maryben Food	. 11 250	-16	Orient Leasing	3,250	-50	Victor	. 2,220	l+70	Exergo 0.56	4 -0.0
a House	1,890 1,780 2,400 3,500		Marel property and the	3.080 2.630	-20 +180				Wacoal	. 12,280	H10	Hang Lung	
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ore Cable	1.100	20 7	M' bishi Gas Chem	320	15.		26,200	40.	AUSTRALIA			Shell Elec. M19 (1.5)	1.0+
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zwa Elect	850	H	M'hishi Metal	180	+20	Settou House	1,600	+40 -70 -20			1-0.02	Wharf Kides 8.55	· I-00
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ri Sriko Praj Est	2 100 1 700 1 080 4 990	-300	M bishi Rayon	2.960	1	Shippogl	1.670	20	Aust Nat lods	4.84	10.00	July 1A \$\$	+ #
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i Macorit	2.250	-36	Mirrori Rual Estate	. 12 060	120	Stanley Electric	1110	40 40 40	Branbles inds	10.10		Senting	#0.1 #0.1
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Pager .	735	111	Mitsukoshi	認	+50 +10 +20		9.360 667 1.120	-3	BHP Cold	1.04 8.44 0.86 3.70 9.26	-0.02	tochcape Blid 6.85	-0.0
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Touth	2.220	30	Mochida Prorra	1,800	120	Sunitorna Corp	1,490	+30	CSR	9.26 4.80	-0.18 -0.14 -0.02	Malayan Utd Ind 1 60	P 55
of Touch	3210	-30 +10	Maraja Milk	2.810	+70	Sumitomo Heavy Sumitomo Marine	1730	130	Chase Corp	0.98	0.02	Multi Purpose 0.67	+0.0
	3 200	-10			t+Sn	Spenitoma Mat la .	1231	+3	Chiremost Petro	0.32	0.04	OHO	1 1
allera Ha	745 1,110	122	NEC	2.180 1.100	+130 -20	Surftomo Met May Surftomo Realty Surftomo Tr & Bk	1.420	+3 +3 +10	Complete 'A'	4.64	+0.02	Sime Darby	1400
Mators		3.	MGK Spark Plats	11.250	200	Sustano Tr & Bk	2.860	-50 +2	Consolidated Pet Costain Aust	0.23		Slogapore Air 11.7	0 -01
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Foods	4,290	40 -20 -8	Without Control	721	-5	TDK	4,250	200	Energy Res	1260	-0.01	Tat Lee Bank	+0.0
F.105ELJ.C)	11200	+200	Niligata Eng	601	1000	Taisal Corp Taisan Marine Taisan Pharm	1 050	-20	Energy Res Gen Prop Trust Goodman Fielder	2.65		UUB 15.10	HD.0
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Battery	帽	433 -14 -20 -2	Mippon Cacki	2156 2410 2410	20	19/845 24/80	2,600	-15 -50 -20	Jones (David) Kie Ora Gold	6.90 1.95 9.10		traded prices. (u) assemble	ile. # Dea
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Jel Jel J 12 11 2 14 2111 31 210 161 6 165 86 162.62 910.03 991 177.99 178.64 178 178.52 270.55 276 171 312.01 312 162 153.62 153.62 153 178.52 153 178.52 153 178.	8 High 6.15 2556.41 577 1.99 61.25 3.33 98.45 577 1.91 1.92 2566 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.93 2.93 2.94 2.93 2.94	MEGAL PARTE AND STATE OF THE ST	Since exception High Law 2722-42 41-22 125/6/807 227/100 1301.16 12-32 1301.16 12-32 1301.16 12-32 1301.16 12-32 1301.16 12-32 1301.16 12-32 1301.17 1302 1302.17 1302 1302.17 1302.17 1302.17	AUSTRALIA All Ordinarios CLI,1800 All Million CLI,1800 All Million CLI,1800 All Million CLI,1800 AUSTRAL Crysts Alkien CO/12,490 BELERUM BRANCH SE CLI,1800 DENNARY Countrages SE CLI,1800 FRIKAND Hallos General CLYTS FRIKAND FRIKAND FRIKAND FRIKAND FRIKAND GERMANY FRIKAND FRIKAND FRIKAND FRIKAND FRIKAND FRIKAND FRIKAND GERMANY FRIKAND GERMANY FRIKAND LOUISE CLI,12,500 Countralings CLI,12,500 CLI,12,500 CLI,12,500 CLI,12,500 CLI,12,500 CLI,12,500 CLI,12,500 CLI,12,500 CLI,12,500 CLI,	Jety 14 3514.2 822.9 186.19 4919.5 223.92 740.8 63 499.55 1498.1	July 13 1428.4 824.4 824.4 186.19 4932.3 222.76 131.8 483.20 1447.2 1177	223.81 737.8 66 133.7 460.75	111 1529.1 1529.1 125.40 4958.6 224.41 735.9 9457 135.1	1629.1 (1177) 842.1 (20%) 186.80 (1177) 50(3.1 (9)59 225.57 (6)77) 740.8 (1477) 348.5 (8)77) 137.6 (7)7)	1170.7 Oil 1170.7 Oil 133.4 Oil 143.90 Oil 3600.3584 120.46 US 251.3 CE9 397.7 CE9 396.40 CE
Jel Jel J 12 11 2 14 2111 31 210 161 6 165 86 162.62 910.03 991 177.99 178.64 178 178.52 270.55 276 171 312.01 312 162 153.62 153.62 153 178.52 153 178.52 153 178.	8 High 8 15 2158 A1 577 149 61.25 633 984.65 577 140.02 7570 8 2 7570 8 3 2566 8 3 2	18 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	### Lear 2722-42 43.22 1254/807 227/029 1180.16 12.32 1480.71 187/153 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 238.37 24.50 238.37 24.50 238.37 25.443 238.38 25.443 248.38 25.443 248.38 25.443 248.38 25.443 248.38 25.443 248.38 25.443 248.38 25.443 248.	All Ordenties CL/200 All Michig CL/200 All Michig CL/200 All STRIA Cipit Akties (30/12/94 BELGUIN BRURCH SE CL/1/640 DEBMARY Capanhagen SE CS/1/653 FINLAND Unites General CL/1/2/62 Ind. Tember CS/1/2/67 GERMARY FAZ Akties (31/12/67) DAX (30/12/67) DAX (30/12/67)	14 1416.2 822.9 186.19 4919.5 223.92 740.8	13 1628.4 824.8 186.19 9332.3 222.76 739.5	12 1625.9 830.0 188.55 4958.5 223.81 737.8	11 1629.1 194.1 196.40 4958.6 224.41 735.9 365.7 135.1	1629.1 (1177) 842.1 (20%) 186.80 (1177) 50(3.1 (9)59 225.57 (6)77) 740.8 (1477) 348.5 (8)77) 137.6 (7)7)	1170.7 Oil 1170.7 Oil 1532.4 Oil 163.90 Oil 3600.3564 180.68 64 530.4 O.5 251.3 CE9 99.7 CE9 396.40 CE
12 11 2009.44 2111.31 210 2009.1 2019.1 2019.44 2017.52 270.55 27	8 High 6.15 2556.41 577 1.99 61.25 3.33 98.45 577 1.91 1.92 2566 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.92 2.93 2.93 2.94 2.93 2.94	18 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	### Lear 2722-42 43.22 1254/807 227/029 1180.16 12.32 124/807 187/753 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 227.83 10.50 238.37 228.34 238.37 228.43 238.38 25.44 238.38 27 28.44 238.38 28.44 238.38 28.44 238.38 28.44 238.38 28.44 238.38 28.44 248.	All Ordenties CL/200 All Michig CL/200 All Michig CL/200 All STRIA Cipit Akties (30/12/94 BELGUIN BRURCH SE CL/1/640 DEBMARY Capanhagen SE CS/1/653 FINLAND Unites General CL/1/2/62 Ind. Tember CS/1/2/67 GERMARY FAZ Akties (31/12/67) DAX (30/12/67) DAX (30/12/67)	1616.2 822.9 . 186.19 . 4919.5 . 740.8 . 63 . 63 . 63	1628.4 824.8 186.19 .932.3 222.76 799.5	1625.9 830.0 186.55 4955.5 223.81 737.8 66 133.7	1529.1 941.1 136.60 4958.6 224.41 735.9 365.7 135.1	1629.1 (11/7) 842.1 (20/6) 186.80 (11/7) 50(3.1 (9/3) 226.57 (6/7) 740.8 (14/7) 348.5 (8/7) 137.6 (7/7)	1170.7 (dd 532.4 (dd 163.90 (d) 3608.3544 180.68 (4 530.6 (d) 251.3 (29, 89.7 (29, 396.40 (2)
9244 2111-31 210 9-1	ALS 235A1 572 19 123 303 123 904 125 125 125 125 125 125 125 125 125 125	1870 A 28.12 40.13 1875 S 20.00 1875 S 20.00	2722-42 43.22 (25/6/87) (27/039) 11/01.16 12.32 (14/039) 11/01.16 12.32 (14/039) 11/01.16 (14/039) 11/	All Ordenties CL/200 All Michig CL/200 All Michig CL/200 All STRIA Cipit Akties (30/12/94 BELGUIN BRURCH SE CL/1/640 DEBMARY Capanhagen SE CS/1/653 FINLAND Unites General CL/1/2/62 Ind. Tember CS/1/2/67 GERMARY FAZ Akties (31/12/67) DAX (30/12/67) DAX (30/12/67)	822.9 186.19 4919.5 223.92 740.8 6) 6)	186.19 .4932.36 739.5 131.8 463.20 1447.2	830.0 186.55 4955.5 223.81 737.8 481.75 482.75	136.40 4458.6 224.41 735.9 345.7 135.1	902.1 (20(6) 196.60 (12(7)) 50(3.1 (9(3)) 226.57 (sp7) 740.8 (24(7)) 348.5 (8(7)) 137.6 (7))	332.4 Q0 163.90 Q1 3608.3564 180.68 64 530.6 Q5 251.3 Q29 89.7 Q29 396.40 Q2
91.1 89.05 86 12.42 990.03 999 177.99 178.64 128 2003.44 (2007.52 17.85 276.55 276 17.1 332.01 332 14.25 24.63 24 153.62 153.62 153 17.85 294	19 577 10 577 10 573 10 575 10 77 10	2010 127.25 121.00 127.25 120.00 127.86 120.00 127.86 120.00 127.86 120.00 127.86 127.	25/6807 27/030 1161.14 12.32 0.48007 87/753 227.83 36.50 227.83 36.50 227.807 68/453 75/6807 01/67/30 75/6807 25/68	ABSTRIA. Crydit Aktion (30/12/84) SELETIM BRUSSED SE (1/1/84) DENBARK Capachagen SE (3/1/85) FINLAND United Secretal (1/12/82) FRANCE CAC General (31/12/82) Ed. Trendary (31/12/82) CERMANY FAZ Aktion (31/12/83) DAX (30/12/87)	740.8 223.92 740.8 60 409.55	#132.3 222.76 739.5 131.8 483.20 1447.2	4955.5 223.81 737.8 33.7 460.75	136.40 4458.6 224.41 735.9 345.7 135.1	186.80 (11/7) 50(3.1 (9/5) 226.57 (6/7) 740.8 (14/7) 348.5 (8/7) 137.6 (7/7)	163.90 (1) 3608.3544 180.68 (4) 530.6 (15 251.3 (29) 89.7 (29)
77.99 176.64 126 # 2073.44 (2077.52) \$7.25 276.55 276 \$6.71 332.01 332 \$4.25 24.63 24. \$7.52 153.62 153 \$7.53 396.58 394 \$6.50 594.15 594	2 25.46 17.90 1.20 1.	202.45 200.00 200.00 21.51 200.00 21.51 200.00 200.	339.77 4.40 227.83 50.50 227.807 684/320 227.807 7.40 225.607 7.30.7 225.607 225.432 32.43 68.807 225.607 225.432 32.43 68.807 225.607 225.432 32.43 68.807 225.607 225.432 32.43 68.807 225.6	Prumeir SE CL/L/840 DEBINARY Countinger SE CL/L/859 FINLAND Inland General CL/L/859 FRANCE CAC Georgi CL/L/2/827 Del, Tendinge/CL/L/2/827 GERMARY FAZ Alalm (31/1/2/88) DAX (30/1/2/87)	223.92 740.8 60 489.55	799.5 131.8 463.20 1447.2	223.81 737.8 66 133.7 460.75	224.41 735.9 945.7 135.1	226.57 (s./7) 740.8 (3.4/7) 348.5 (8/7) 137.6 (7/7)	180.68 (4 530.6 (15 251.3 (29) 89.7 (29)
7.15 270.55 276 8.71 312.40 312 4.25 24.63 24 8.42 153.82 152 7.31 310.58 304 8.50 394.15 394 	2 25.46 17.90 1.20 1.	242.45 2000 277.86 2000 21.51 20.51 20.71 20.71 20.71	258.77 4.40 258.877 (18.732) 59.17 (18.732) 59.17 (18.732) 52.43 (18.742) 52.43 (18.742)	Commission SE G(1)(65) FINLAND United General CL(175) CAC George CL(172)(52) Ind., Tombing CSI/12/(67) GENDARY FAZ Alsim (31/12/(63) DAX (30/12/(67))	740.8 (c) 489.55	799.5 131.8 463.20 1467.2	737.8 33.7 486.75	735.9 345.7 135.1	740.8 (2A/7) 348.5 (8/7) 137.6 (7/7)	530.4 0.5 251.3 (29 89.7 (29)
8.71 332.91 332 4.25 24.63 24 7.52 153.82 152 7.31 300.96 301 6.50 294.35 394	22 236 24 92 25 92 25 92 22 22 22 22 23 25 22 25 22 25 25 25 25 27 26 27 27 27 27 27 27 27 27 27 27 27 27 27	21.51 1870 134.72 22071 232.74	25年8月77 10月73日 395.17 352 25年8月87 22月473日 25月8日7 日月1074日 15779 444 25月8日7 25月4日2 365.01 25月1 15月8日7 801.272 465.01 465.01 465.01 465.01	Unitas General (1975) FRANCE CAC General (19.12/82) Ind. Tenhings (19.12/87) CERMAINY FAZ Alalm (19.12/258) DAX (19.12/87) DAX (19.12/87)	(c) (d) 489-55 1488.1	131,5 131,5 483,20 1467,2	(a) 133.7 488.75 1467.5	945.7 135.1	348.5 m/7) 137.6 G/Ti	251.3 (29 89.7 (29) 396.40 (2)
125 2143 24 142 153,82 152 7,31 380,56 394 0,50 394,15 394	22 236 24 92 25 92 25 92 22 22 22 22 23 25 22 25 22 25 25 25 25 27 26 27 27 27 27 27 27 27 27 27 27 27 27 27	21.51 1870 134.72 22071 232.74	187.90 (25.89.67) (25.49.42) 365.81 (15.69.87) (19.12/72)	CAC Secretal (SL(12/62) int, Tendang (SL/12/62) SERGALIV FAZ Aktion (SL/12/58) Consecution (SL/12/58) DAX (SC/12/67)	409.55 1488.1	131,8 483,20 146,7,2	133.7 488.75 1467.5	135.1	מון ט 137.6	3%40.0
7.31 310.50 301 0.50 314.15 391 	(A) 15.35 (22/6) (30/3) (30/4) (30/4) (30/7)	134,72 20/11 20/11 20/11	187.90 (25.89.67) (25.49.42) 365.81 (15.69.87) (19.12/72)	FAZ Akim (3)/12/50 Commerciant (1/12/53) DAX (30/12/67)	1488.1	1447.2	1467.5	492.42	495.78 (0/7)	3%40 0
Jai 8	un	02/0	(24/8)677 C31/30/72	LONG VINC			IJBU.	1190.59	45.78 (97) 1507.3 (97) 1199.% (5/7)	1207.9 (2 931.18 (2
	143 1	- an 1' ·		- Hang Song Bank (\$1/7/64)	2752.96	744.B	2772.53	2759.59	2772.53 (12/7)	223.56
	3.50	.49	year age (ipprox.)	Banca Com. Ital. 0.972)	507.58	53.02	509.67	508.98	545.07 (18/3)	423.91.6
		io <u>72</u> 1.03 4.42	2.40 23.20	- 14PAN** Nilsel (15/5/49) Tekys SE New (4/1/64)	29084.00 23.90.98	28020,10 2197,97	28099,54 2267.97	27985,99 2200.56	20342.46 (17/6) 2219.98 (15/6)	21217.04 1490.44
(Volume 12 - Ad 12	Issues Traded	Jai 1	6 1,949 1,944	METHERICANDS AND-CRS Ceneral (1970) AND-CRS Industrial (1970)	2663. 224.2	265.1 223.5	266.1 224.T	267.9 225.7	269.5 (6/7) 226.2 (8/7)	205.7 (4 157.9 (1
123 300 150 150 150 147 101 101	Falls Declarated			MARWINY Outs SE W/1/839	408.09	406.98	430.04	409.44	43638 6473	327.38 (2
2947 106.604	Mary Highs	1		Strate Luig vir colveton	1118.45	1369,19	1107.96	1095.00	1118.42 (14/7)	833.604
			1908	SBLITH AFRICA JSE Cold (28/9/78) JSE Industrial (28/9/78)	1419.04 1743.04	1402.0 1735.0	1384.6 1737.0	1439.0 1752.0	1451.0 (777) 1755.0 (977)	1154.0 (4 1387.9 (1
		31/8.2 (11/7)	2236.7 (6/2)	SPAIN Made hi SE (30/12/05)	245.15	25.65	25.97	25.02	301.63 (15)KI	25.50 (4
				SWEDEN Jacobses & P. (32/12/54)	3022.1	3019.4	3023.3	tu	3037.3 (8/7)	2148.5 (4
TIVE ST	DCKS			Zeith gáng Feir (23/15/20) Zeith gáng Feir (23/15/20)	502	547.8	251.3	555,3	5553 CLUTO	466.6 03
Challes Charie		trade	to Charles Change of price on day 1 300 1254	WORLD M.S. Capital Incl. (1/1/70)	6 0	447.6	46.5	449.9	465.2 (15)Ka	401.0 (2)
_	12 11 1075 M 1062 102 IVE \$11	12 11 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	12 11 8 84-2 153-1 154-2 1173-1 157-2 177-	12 11 8 898 168 168 150 169 169 169 169 169 169 169 169 169 169	12 11 8 18 16 16 17 17 17 17 17 17 17 17 17 17 17 17 17	10 14 15 1600 155 1600 162	12 11 8 244 145 14	148 148	10 14 15 15 15 15 15 15 15	10 10 10 10 10 10 10 10

	l July	740	[Jays	July	19	186
	14	13	12	11	ffigh	Low
USTRALIA I) Ordinarios (1,71,800 I) Mining (1,71,800	1616.2 822.9	1628.4 824.8	1625.9 830.0	1629.1 941.1	1629 1 (11/7) 842 1 (20/6)	1170.7 (10/2 532.4 (10/2
itSTNA nydit Aktien (30/12/64)	126.19	186.19	184.55	126.60	עלדט 1987	163.90 (11/2
ETCH) W March SE (1/1/84)	4919.5	4932.3	4955.5	4958.6	50(3.1 (9/3)	3608.3544/1
ENBLARK Specialist SE CELTARY	223.92	222.76	223.81	224,41	226.57 G/7)	130.68 (4/1)
MCAND Nitas General (1975)	740.8	799.5	737.8	735,9	740.8 (IA/7)	530.4 0.5(1)
PANCE NC General CULO2(62) 6, TendhoceCS1/12/67)		12172 79	(a) 133.7	9457 1351	368.5 (B/7) 137.6 (7/7)	251.3 (29/1) 89.7 (29/1)
Projekty 17 Akules (3)/12/580 18 (30/12/67)	489.55 1488.1 1187.21	483.20 1447.2 1177.80	480.75 1467.5 1184.85	492.42 1499.0 1196.59	495.78 (0/7) 1507.3 (0/7) 1199.% (5/7)	396.40 (29/1 1207.9 (29/1 931.18 (28/1
BHG KDNG HON SHAN Bank (X1/7/64)	2752.%	2744.85	2772.53	2759.59	2772.53 (12/7)	2223.56 0472
NTY 1012 COO. Hal. (1972)	507.58	530.02	509.67	508.98	545.07 (18/3)	423.91 (9/2)
po SE New (4/1/24) Pari (12/2/43)	29084.00 2190.88	28020,14 2197,97	28099,54 2207.97	27985,99 2200.56	26542.46 (17/6) 2219.98 (15/6)	21217.04 (4/1 1690.44 (4/1
THEREARDS P-CBS General (1970) P-CBS Industrial (1976)	2663 224.2	265.1 223.5	266.1 224.T	267.9 225.7	269.5 (6/T) 226.2 (8/7)	205.7 (4/1) 157.9 (11/1)
SE ((1)(13),	408.09	406.98	43.0.04	409.64	436.28 6473	327.38 (20/1)
NEAPONE Paits Times Ind. (30)(12)(66)	777845	1389,19	1107.96	1095.00	1118-52 (14/7)	833.60(A/2)
ETH. AFRICA E Gold (28/9/78) E Intestrial (28/9/78)	1419.04 1743.04	1402.0 1735.0	1364.6 1737.0	1439.0 1752.0	1451.0 (777) 1755.0 (947)	1154.0 (4/5) 1387.9 (12/2)
AN WHISE (19712/05)	245.15	295.65	295.99	295.62	301.63 (15)60	25.50 (4/1)
/EDEN calmon & P. (32/12/54)	3022.1	3019.4	3023.3	tu	3037.3 (B/7)	2148.5 (4/1)
(1) ZERLAND Iss Spek Inc. (33/132/50)	549.2	547.8	227	555,3	5553 CLID	466 03A)
HOLD S. Canalasi Inst. (1/1/70)	60)	447,6	440.5	449.9	465.2 (15)Ka	401.0 (21/1)

18100 Cuebcor b
65550 Renger
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14000 Renger
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800 Saruel MT
8000 Sassor
14000 Scaptre
18000 Sacptre
18000 Sacpt

OVER-	THE-CO	UNTER

Stock	Div.	1004		Low	Last Chag	Shock	Dbs.	100a	High	Low	Lest Cheg	Stock		1064	High	Low	Lest Chog	\$tock	Ole.	1004	High	Low	Last Chag	
Conf	linu	ed fro	m pe	age :	37																			
Peop8 r		6 1116	234	84	03 + 5	Shoney	., 19	10 624	ツセ u 7ね	72	72+ 4	Summer	s ta	5 3	25	25	712+ 4	Velmet	.60	10 220		39_	40 + 12	
Phintet	1,12	22 385	13	234	254 - 4	Shony		17 68		16	164	Synthio Systin		250 6 6 202	7½	75g		VgrdCI VngSB	.10e	1045 6 256	22	214	215 - 4	
Phraci	.tBe	17 71	20	10	19 ¹ 8	SigmAi	.32	25 421	4712	47 4	474 - 4	SySoftv		24 206	1912	194	103- + 4	Variern		29 223	25	244	25 + 1	
Phonik PhincMc		91 1091 126	10	104	7-15+2-10 101 ₂ + 4	SigmD SignGr	•	16 383 29 392	23.5	194	2912 + 14	System	,40a	24 55 - T-T	33 1	33 2	33 6 + 12	Varien	,60b	15 353	23	224	223 + 4	
Picsav		13 2912	154	15	154 - 4	Silleon	5	11 155	14.4	14 4	144+ 4	TEC s		11 56	137	134	13%	Versa s	O	15 20	54 4 23 4	2312	54 +3-19	
Piccarie	.48	16 39	104	104	15%	SkilonVi	1	15 2508 33 302	75	74	74 – 5	TCA	.32	60 443	334	33 4	354+ 5	Vicorp		.0 20	10	6%	235 + 1	
PionF.s Piontil	104	25 1365	364	383	94 + 4 364	Siliena		33 302 16 39	1714	9% 17%	94-5	TCEY	.01e	33 988	1014	64	12% + 4	ViewMs		87 12 1467	214	44	4%	
PlyFve		21 48	94	95	95 - 3.	Simple		19 P1	75%	75	10 - 5	TPI En		32	52,	54	51,	Viponi		51	164	21 15%	\$1 4 + 4 15%	
PlayMa		21 32	291 ₃	3312	284	Styler SmthF		9 5	334	19 33	23 - 12	7endon Tauntor		5 2946 : 12 38	2 11-10	2 9-16	2 + 1-19 15 4 - 4	Viralek		621	157	15	154 - 4	
Portek Poughs	.60	7 30	29	103	29 + 4	Society	1,36	9 479	354	354	364 + 12	TchDta		14 548	154	144	144 - 4	Volva	1.520	6 Y36	5212	52 4	5212	
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Preside Preside		16 292	121	124	1234 + 4	Structo SomeSi		29 266 5 74	12.4	124	224 - 4 124 + 4 324 + 4	TienA I		3822 580	295 ₈	245g	254 + ½ 35½ + ¼	WTD		6 53	124	114	124	
PresCo		20 1822	354	361	365 1-	Sonoc	d ,60	21 333	32 2	31 %	324+ 4	7elmate		26 48	1212	124	1212+ 4	Walbro		21 54	33 4		334+ 4	
ProoTH	.56	72 22	331	3312	3312+ 4	SCarNr SCalWt		6 67 10 30	22	284	214 284 - 1	7elabs		17 328		15%	153 - 4	WaitCo		18 32	12 kg	77	12% ~ 4 7%	
Pribavili Prostip		193- 226	91	712	94+4	Sounet		23 89	18	19	18 - 5	7etxon Tennan		23 1758	244 2812	28 %	2012 + 14	WHeDC	.26	31	194	18	18 + 4	•
ProtLie	,70	10 154	145	143.	144 - 4	SphidS	,	262	214	214	\$14+4	7erados		75 432	294	194	294+ 4	WeshEr WRSL	1.06	14 64 7 263	154	15-4	254 + 4	
TVBlast			201	1133 1	294 + 4	Soutrat		9 615 6 200	214	213	\$14 ~ 4 344 - 4	3Com		25 3246		10 ½ 29 ½	195 - 3	WASE !		7 263 7 341	16	157	153 - 4	
PrvLte Pg8dBc	,63e	17 813	183	2014	184+ 2	Splegel			84	912	912 - 1	ThiryRt		16 240 t 91 22	684	684	2112+ 4	Wattsin		17 12	24 %	24 4	244 + 12	
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YTEN!			4 11-16		415 - 14	StwBc :		10 30	20	1012	1912	TrnMu		16 9	224	22	22 - 1	Wellmin		19 432	36	35-	36 + 2	
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Dutelic'h Dutentra		13 46 173	22	\$1 % 10 %	274 - 4	Steviol		9 161 25 B	17	29 17	17	Trusio	.36	34 1273	16 ¹ 4	26	164+14 ! 255	WerCep	,	57	11 %	115	115	
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RadSys	204	74 R-R	1014	10%	103	StrucDy		9 6 2	33 3	124 :	33	ZOCnio TycoTy	.36	14 485 6 216	19	1812	19 + 4	WIMICA		29 84	2 0	10-4	194	
Raigh		29	97	97	974- 4	Stryker		26 27		224		Tyeon	.04		29	194	194 - 1	Watmrk		352		23/2	2312	
Recket.	.20	23 25	344		344 + 4	StudL v	t	.51	7854	76 2	2212 - 14 7654 + 14		-	U-U	-			Weston		24 52	16 ¹ 2	174	165+4	
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Regt&c Replan	.28a	233 140	742	144	25 + 5 144+ 5	Sumerp		11 209 11 47	22 22 k	21 Å 22 Å	22 + 4	Unibcp	1.16	10 3	201	34 2914	2014+ 14	Wity A		35 5	23 7	23	38 +1%	
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lost Mg	.00-	-18 5		95	95	SunMic		26 2349	375	32	3754 + 54	UnNati		10 18	294	29 4	294+4	WHIAL	20a	8 528 9 65	13	124	12% 95 + %	
House House		6 392	2015	28 4	2812 - 14 812 - 14	Sahlen		7 364	252	254	2512+ 16	UnPlate UACm		16 719 41 172	25 to 20 k	25 k	26/2 + 4	Witch7r	.84	11 67	20	28	264	
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		- 5-8				Sensor	.10	16 1003	87	25 84	6%	VLSI	10			10 %	145+ 5	Xidex		7 10	63	81	9874	
SCI 5)1	-	15 133	13	123	123	Sequent		45 1242	18%	184	165 + 12	VM SIT		30 29	10%	144	154+ 2	Xyvsn		102	714	6%	65	
SE). SFFed	.05e	4 263	184	1212	1212 - 4	SvCMer SvOsk		11 7126 u	52	512	512+ 4	VWR ValidLa		13 2 9 291 307	204		13-15-1-16	YlowF n		17 1942 63	26 A		28 Table 19	
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i ele grij		5 484	05	63	65g	ShawNt	1,25	12 1738	2618	25%	264+4	Valida	1.44	1430	2612	29 %	205 + 12 "					-		

CHIEF LONDON PRICE CHANGES YESTERDAY

hotes		_		Utd. Biscuits	306	+	7
Appleyard	404	+	18	Vaux	640	+	16
BICC	356	+	11	Wage Group	291	+	13
Cable & Wireless	350	+	12	*****			
First Leleure	147	+	10	FALLS			
Good!	298	+	29	Calor	379	•••	
Leo Green	148	÷	15	Land Securities	562	-	10
Mast Trade Supp	263	+	23	Local London	533	-	17
Mucklow (A. & J.)	193	+	-	Peachey Property	603	-	12
Rush & Tompkins	300	+	26	Tiphook	415	-	7

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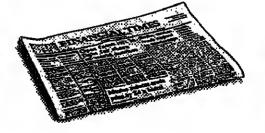
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FINANCIAL TIMES

| D-D 1-16-15-2-1-16-2-1-16-2-16-16-2-16-16-2-16-16-2

Investors hold fire and await US deficit figures

Wall Street

CONCERN about prospects for interest rates and a round of prime rate increases were over-ridden by caution prior to today's US trade figures for May and stocks and bonds markets were left with little direction yester-day, writes Janet Bush in New

The Dow Jones Industrial Average traded for most of the session virtually unchanged from its close on Wednesday, before rising in the afternoon, it closed 9.25 points higher at 2,113.62.

US Treasury bond prices stood up to '4 point lower at midseson but recovered some ground to be quoted unchanged to mar-ginally lower in late trading. The Treasury's benchmark long bond was quoted unchanged for a yield of 9.17 per cent.

The rise in prime rates from 9

per cent to 9.5 per cent had been anticipated and reflected firmer short-term money market inter-est rates. The banks' announcements yesterday morning appeared to have little impact. News of a 0.5 per cent rise in retail sales in June were regarded as fairly neutral by most economists but seemed to have a marginally negative impact on bond prices. A firm Fed Funds rate which stood at a high of 7% per cent also dampened market senti-

Of far more importance, nowever, are today's trade figures
which are expected to show a
widening in the deficit to as
widening in the deficit to as
suring language lay a clear message that the Fed intended to
slow down the economy through
The more popular view was
that behind Mr Greenspan's reassuring language lay a clear message that the Fed intended to
slow down the economy through
The more popular view was
that behind Mr Greenspan's reassuring language lay a clear message that the Fed intended to
slow down the economy through
The more popular view was
suring language lay a clear message that the Fed intended to
slow down the economy through \$12.8bn. Also due out today are producer prices and industrial

THE DOLLAR's strength and

positive company news lifted leading European bourses yester-

day, but many investors stayed

on the sidelines for the US trade

figures, writes Our Markets Staff. FRANKFURT picked up from a three-day consolidation as for-

6.35 to 489.55 and the DAX index

of 30 blue chips gained 14.41 to

only moderate at DM3.19bn

The rally surprised some analysts, who had expected further

consolidation before today's US

trade figures. Some bnyers

appear to be expecting little impact from the US data on a

damentally strong and with a fair

Although 500 is still a psycho-

logical barrier on the FAZ, some analysts are talking of the next resistance points at 520 and 550.

With little corporate news

around to move the market in the next four to six weeks, it

is longer-term or if the market is

still seen as offering merely good

Steelmaker Thyssen rose DM4.20 to DM147.30 after announ-

cing it would pay a higher divi-

dend this year. Retailer Asko,

where earnings per share are

trading opportunities.

Figures in parentheses show number of stocks per grouping

100) ...

Australia (89)

Austria (16)

Finland (26).

Italy (102)

Japan (456)

Mexico (1.3)

Sweden (35)

USA (582).

New Zealand (21)

Norway (25)..... Singapore (26).... South Africa (60) . Spain (43)

Switzerland (55)

Europe (1014) Pacific Baska (674)

Euro-Pacific (1688)

Europe Ex. UK (689)

World Ex. US (1890) World Ex. UK (2147)

Pacific Ex. Japan (218).

World Ex. So. Af. (2412).

The World Index (2472).....

worth of West German shares.

Volume improved but was still

1.187.21.

way to run.

NYSE Volume Daily (million) Average daily volume (2) June 18 to July 15 1987

production figures for June. The trade figures are always closely looked at but, at a time when interest rates are again at the forefront of market worries, they are even more crucial because of their possible impact on the dollar. Although the dollar has seen some healthy demand in recent weeks, there is still a great deal of scepticism that its strength is sustainable. The

steady performance of the dollar has been a key positive factor for equities and bonds.

Interpretation of the testimony of Mr Alan Greenspan, Fed chairman, remained mixed. One view the the mean being many remained mixed. One view the the mean being many remained mixed. One view the the mean being many remained mixed. One view the the mean being many remained mixed. One view the the mean being many remained mixed. was that he was being reassuring on inflation and that there appears to be no need for dranatic tightening of monetary pol-

higher interest rates.

The bond market will now by 388 to 362 on volume of 21.6m

watch the Fed's daily money EUROPE

Frankfurt rallies on fresh

interest but modest volume

London

NERVOUSNESS over today's US trade data hit trading in international stocks, and most ended lower after a quiet ses-

sion. The rise in US prime

ing before today's US figures.

account ends, thus signalling a

store chain controlled by Monted- SKr243.

remained weak as most investors BFr8,240.

THURSDAY JULY 14 1988

110.57 113.91 81.60

81.60 67.01 97.87 120.33 144.02 132.22 140.94 90.46 69.21 103.33 111.55

111.41 131.41 102.96 69.84

115.22 96.77

92.25 141.51 121.81

97.56 77.98 111.26 121.38

111.51 111.83 96.40

111.83

strong new account.

waited on the sidelines.

US Dollar Index

146.17 86.26 114.77

129.80 92.99 76.37 111.53 137.12 69.77 164.12 150.67 160.61 103.09 78.87 117.76

131.30 110.28

105.12 161.26

138.82

111.17 88.86 126.78

127.44

Change %

-0.2.8.3.2.9.1.3.4.6.8.1.0.6.1.6.6.4.

-0.4 +0.3

-0.1 -0.1 -0.1 +0.3 +0.2

+0.1

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 \approx 115.037 (US 5 index), 90.791 (Pound Starling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackensile & Co. Ltd.1987
French market closed July 14.

Confident Singapore alters trading systems

THE DISCERNIBLE air of self-satisfaction about the Singa MARKET PROFILE pore Stock Exchange this year is not hard to explain. Until 1985 it had been - in the words of one of its senior officers - a "cosy, homespun exchange, character-ised by an aversion to change or to interference from outsiders."

The collapse of Pan-Electric Industries in that year, which forced the exchange to suspend trading for three days, put an end to all that and to five local bro-

market operations carefully for any signs that another tightening

\$59.3m in the second quarter

compared with \$54.5m last year.

reversing an early decline. The bank announced yesterday that it

markets in gilts since Big Bang. Vista Chemical jumped \$2% to

Canada

SHARE prices in Toronto

The ANP-CBS General index

rose 1.2 to 266.3. Internatio-Müller rose Fl 1.90 to

F1 62 after its acquisition on Wednesday of Belgian beating

and airconditioning company NV ZURICH took heart from the

mann-La Roche reported after the

STOCKHOLM recovered from

early losses to close little

WEDNESDAY JULY 13 1988

Sterling index

119.47 61.64 144.04 130.73 141.72

131.49 102.87 69.75 115.63

92.29

Bonds were steady in thin trad- announced on Wednesday. Hoff-

MILAN ended lower but prices market closed that it too expec-picked up in late official trading and after bours, with strong for Ciba-Geigy bearers closed

"It's been a good day to buy,"

Business services group Adia
said one analyst, predicting
prices would rise further today,
when the monthly trading interim turnover.

Fiat closed L85 lower at L9.375 changed from Wednesday in very

after denying any agreements light trading of SKr143m.

With Daimler of West Germany, light trading of SKr143m.

Electrolux, the domestic applibut it recovered to 19,400 after ance group, was active, with its bours. Standa, the department free B-shares falling SKr1 to

ison's Iniziativa Mata, gained BRUSSELS closed generally L730 to close at L20,500. It later lower in quiet trading after yes-

emerged that its sale to Italian terday's rise in domestic discount

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

121.72 82.69 110.39 111.26 120.65 119.15 90.91 73.33 111.93 133.02 71.37 138.13 152.21

401.24 98.06 63.27 107.29 119.97

95.70 138.86 110.38 75.56 115.22 110.28

97.17 136.25 120.67

110.36 85.92 112.77 120.24

105.91

116.75

Gross Olv. Yield

Index

126.22 128.70 93.10 75.42 111.07

136.26 70.30 164.29 149.11 161.64 103.22

80.17 118.48 125.32 125.22

149.97 117.33 79.56 131.89

109.91

105.26

161 41

138.96 110.81 88.72

126.78 138.43 126.94 127.38 109.67

2.31 127.37

3.55

3.70

3.52 3.15

3.79 1.70 2.10 2.29 3.60

Citicorp added \$1/2 to \$24%,

move is underway.

Several major banks yesterday announced their second quarter results. Chemical Bank announced net earnings in the second quarter of \$1.98 a share The reforms which followed compared with a net loss of \$21.34 included a ban on forward con- this year to a high of 1,118.48 a share a year earlier which had been due to a \$1.1bn special additracts and a Securities Industry yesterday Act. These helped to restore confidence and bring Singapore ket's survival in the crash was closer to the world markets with given to the then controversial which it is now so keen to be settlement and delivery system associated. But until the global introduced in early September crash last October that still some- which helped to limit speculation to its allowance for loan losses. Its share price added \$1/4 to \$30%. Bank of New York added \$1/4 to \$34% after it announced record new income of \$49.7m for the secwhat qualified confidence had yet tion. ond quarter compared with a \$34.9m loss in the same quarter

last year.

NCNB, North Carolina

National Bank, added \$% to
\$23%. It announced net income of est ever loss in a single day. More the authorities on the market on than 40 per cent was wiped off bebalf of the buyer, with any the average value of shares duraditional costs at the seller's ing the crash, making Singapore one of the worst hit international was withdrawing completely from the UK government bond market where it has been making and its market remained open shares by the following day.

The Straits Times industrial in addition there is an immemarkets. However, unlike neigh-bouring Hong Kong, Singapore the due date and the buyer must did not crack under the strain then pick up and pay for the

sty (102) span 1956 O tologia (160 O terico (140 ethertand CO 100 ew Zashard (ZB 25

FINANCIAL TIMES

Much of the credit for the mar-

The October 20 plunge in share values saw the Straits Times industrial index fall 261.78 points, or 21 per cent, to 961.5 – its larger relevant stock is "bought in" by expense.
Payment by the buyer's broker

index has since made up much of diate" or cash market for investhe lost ground, rising 34 per cent tors who wish to receive pays

trial Y130 to Y2,630, NEC Y130 to Y2,180, Fujitsu Y70 to Y1,700 and Sanyo Electric Y52 to Y800.

Y910 respectively. Takeda lost Y50 to Y2,600 and Yamanouchi

Financial issues also fared poorly, with Sumitomo Bank declining Y40 to Y3,360, and

tively narrow range. Congressio-nal testimony by Mr Alan Green-span, US Federal Beserve Board

Pharmaceutical Y20 to Y3,880.

not later than the following market day. There is physical delivery of all scrip on the main hourd.

The trading system was also changed on July 8 when the exchange moved to a new trading floor and market orders and limit orders were introduced. The electronic system has experienced testifung troubles in its first week of operation, limiting volumes.

A market order is defined as an order to buy or sell at the current available price, while a limit order specifies a particular price. At the sund of May, 200 company and all quotes.

There are no regulations affecting the acquisition of securities by foreign investors, but foreign townership is restricted in centain compenies. No more then 20 per limit or descent of banks and finance companies and of securities account for nearly 45 per cent of banks and finance companies. All transactions go through

STOCK MARKET FACT CHART

Holivicial companies. Last year seven local incidence in bedre and allowed in form analysis in the first and process of the anticharge.

Last year seven local incidence in bedre and antichart for example, has a high with foreign a nore are appeared to be approved in the more and nore are appeared to be approved in into more are on the secondary of the process of approved in the more and the more and the more and the more and of the secondary in the first was and antichart was a subject were allowed in form and part of the more and nore are appeared in the process of interest first and nore are appeared in the more and nore are appeared in the more and nore are appeared in the part of in the more and nore are appeared in form and nore are appeared in the part of a company.

In the secondary series of a company of an interest first and nore are appeared in the part of in the more and nore are appeared in the p

STOCK MARKET FACT CHART SINGAPORE

Market capitalisation: \$595.6bn (US\$1-\$52.05, £1-\$53.46) Number of shares listed: 320

Number of shares listed: 320
Top 10 stocks, percentage of market: 43%
Trading hours: official — 10 am-11 am; 11.15 am-12.30 pm; 2.30 pm-4 pm; no a
Average daily turnover, first five months 1988; 24.65m shares
Mein indices: Straits Times industrial & Commercial (30
stocks); SES All-Share Price (all stocks)
Current level of index (Straits Times); 1,118.48; 1968 high:
1,118.48 (14/7); 1968 low: 833.60 (4/1)
Settlement: five working days

ASIA

Brisk demand for high-tech issues lifts Nikkei

LATE buying of leading high-technology stocks helped push share prices slightly higher in Tokyo yesterday, writes Shigeo

demand in Tokyo from investors seeking short-term capital gains, while domestic demand-related

Mitsubishi Heavy Industries chairman, on Wednesday had no topped the active list with influence on the bond market.

1746. NKK. Which advai Y15 at one stage, closed only Y3 higher at Y713, while Kobe Steel finished Y2 lower at Y616 after and after bours, with strong foreign interest and very few sellers
reported. The Comit index eased
2.44 to 507.58 in still thin volume.
"It's been a good day to buy,"
said one analyst, predicting

saki sixth with 123.6m shares.

Shipping stocks came into the spotlight. Nippon Yusen surged Y52 to a record Y882, eclipsing its previous peak of Y830, reached in

SOUTH AFRICA

A SLIGHT rise in bullion price and a weakening of the financial rand led to slightly firmer gold

bered advances by 562 to 324, with 161 issues unchanged. In London, the ISE/Nikkei 50 index ended 2.38 lower than the Tokyo close at 1,783,78.

Steels, shipbuildings and other large-graphed ctocks found brick Steels, shipbuildings and other Tokio Marine and Fire Insurance large-capital stocks found brisk demand in Tokyo from investors Bond prices moved in a rela-

issues were neglected.

three-day consolidation as foreign and local buyers stepped in to pick up shares at lower prices, encouraged by the dollar, the advance on Wall Street overnight and good corporate news.

The fact that the Bundesbank left interest rates unchanged also took some pressure off the market. The FAZ at midsession rose its dividend.

Sion. The rise in US prime rates in US prime firmer dollar and corporate results, although trading was subdued in the rum-up to today's US data. The Crédit Suisse index edged up 0.7 to 472.2 after a session marked by profit-taking.

Chemicals were strong, helped by forecasts of improved profits this year from Ciba-Geigy, at Y748. NKK, which advanced

rising Y12. Mitsui Engineering and Shipbuilding finished Y35 higher at Y695 after touching Y700, while Kawasaki Heavy Industries gained Y28 to Y739. Mitsui was the third most active stock with 150.37m shares traded and Kawa-

emerged that its sale to Italian terday's use m domestic discount television magnate Mr Silvio Berlusconi had been agreed.

AMSTERDAM closed slightly firmer, belied by the stability of the dollar and early gains on Wall Street. But volumes BFr8.350 and Hoboken BFr20 at Wall Street. But volumes BFr8.350 and Hoboken BFr20 at many firmer belief to slightly firmer gold shares, in quiet and uncertain trading in Johannesburg.

Randfontein gained R5 to R290 and other golds followed the trend. Diamond share De Beers and mining bouse Anglo American Street and mining bouse Anglo American Street and Mr. Street can firmed 25 cents to R41.10 and Paris was closed for Bastille Day. R57.50 respectively.

DOLLAR INDEX

Low

104.60 62.99 133.61 107.83

90.07 95.23 64.42 98.55 97.99 118.10

130.73 96.92 75.60 123.09

97.01

130.81

120.36 99.78 80.27

120.26 111.77

116.58 | 132.38 | 113.37 | 130.63

ago (approx)

126.72 138.45 114.80

99.22 132.05 144.04 95.89 133.63

289.14 127.82 107.18 149.35 160.60 176.05 126.40 120.02 100.07 162.87

127 5

128.35 134.07

6.00 128.16 106.91

139.44 132.65 127.48 130.34 129.23

1988 High

150.35 98.18 139.89 128.91

132.72 139.53 99.62 80.79 111.86 141.54 81.74 177.27 153.14 180.07 110.66 84.05

132.23 127.12 139.07 164.47 125.50 86.75 141.18

112 47

110.82 172.26 147.53

113.29 92.99 128.15 146.49 131.77 132.39 112.43

Currency ladex

120.77

118.22 90.91 72.34 111.48 132.23 71.82 138.01 150.69 494.09 98.13 62.93 107.91 118.39 95.21 110.25 75.54 115.63 109.91

97.21 136.15 120.62 109.99 85.72 112.79 120.18 116.69 116.73 105.71

Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press. The Nikkei average ended 63.98 higher at 28.084.08 after moving between a high for the day of Small-lot selling depressed 28,132,60 and a low of 27,950,52 domestic demand-related stocks, Trading remained very heavy such as constructions and pharmath. with 2.22bn shares changing maceuticals. Kajima and Ohbay-hands compared with Wednes-day's 2.19bn. Declines outnum-Y20 respectively. Takeda lost

Dealers retreated to the sidelines, awaiting the outcome of the Bundesbank council meeting yes-terday and the release of US mer-

chandise trade data today. The benchmark 5.0 per cent government bond, maturing in December 1997, slipped below 5.0 per cent to 4.995 per cent at one stage, but ended the day's trading at 5.020 per cent compared with 5.025 per cent at Wednes day's close.

The Osaka Securities Exchange extended its losing streak, although high-technology issues were sought in late trading.

The 250-issue OSE stock average ended 10.12 lower at 27,948.83 on an estimated volume of 222m shares, down 8.9m shares from the previous day,

Osaka Soda came under profittaking pressure to close Y150 lower at Y2,270, and tile maker Danto dropped Y70 to Y1,630. chairman, on Wednesday had no Omikenshi, a spinning company, infinence on the bond market. gained Y80 to Y1,130.

Singapore

SUSTAINED buying and shortcovering provided a boost for equities although trading was quiet and cautious. The Straits Times industrial index rose 10.32 to a 1968 high of 1,118.42.

Australia

THE IMPROVEMENT on Wall gave little joy to share prices as buyers held off for today's US trade figures. Selling in both industrials and resource stocks left the All Ordinaries index 4.2 lower at 1,616.2 in moderate turnover worth A\$173m.

BHP was again one of the most active stocks, easing 4 cents to A\$8.44. Bell Resources added I cent to A\$1.70 on 2.1m shares. Also in industrials, Adsteam was steady at A\$7 as almost A\$4m

worth of stock changed hands, more than half the total volume in the stock this month, according to brokers BZW Meares.

CSR also saw heavy turnover as it went ex-dividend, dropping 14 cents to A\$4.80 on 2.57m shares, much of it due to the exercise of options.

Hong Kong

HEAVY trading in Tokyo spurred afternoon demand and share prices closed higher in spite of caution pending the release of

caution pending the release of the US trade figures.

The Hang Seng index rose 8.11 to 2.752.96 and HK\$1.080n worth of shares changed hands, slightly down on Wednesday's HK\$1.13bn. Bine chips unded mixed, with Hutchison rose 26 cents to HK\$9.70 on Tuesday's news that a second telecommunications net-work is to be allowed. Hutchison is part of a consortium widely favoured to win the franchise.

Legal Notices

Incitrical to testiment descript, pursuants to Smooth 95 of the Impolerancy Act 1900, that is investing of the creditors of the abbed-natural corepany with the field at 20 Piccingdon States, London, Eck un-

Company Notices

Barings B.V.

US\$ 150,000,000 Guaranteed Floating Rate Capital Notes due 2001

Payment of principal and interest guaranteed by



In accordance with the provisions of the Notes, notice is hereby given that for the interest period from July 15, 1988 to January 17, 1989 the Notes will carry an interest rate of 856% p.a.

The interest payable on the relevant interest payment date, January 17, 1989 against coupon n°6 will be US\$445.63 per Note of US\$10,000.



The Agent Bank KREDIETBANK S.A. LUXEMBOURGEOISE

GENERAL MOTORS CORPORATION Further to the DIVIDEND DECLARATION OF 23RD

MAY 1988 NOTICE is now given that the following distribution will become payable on and after 16th June. 1988 against presentation to the Depositary (as below) of Claim Forms listings Bearer Depositary Receipts.

GROSS DISTRIBUTION 6.25 LESS 15% U.S.WITHHOLDING TAX 0.93375 CENTS

CONVERTED at 1.831 = 2.909364 PENCE PER

Barclays Bank PLC Stock Exchange Service Department

CHEMICAL NEW YORK CORP US\$300,000 Floating Ruth

la accordance with the provisions of the Notes. Notice is Heroby Given that for the Interest period for 30 June, 1988 to 29 July, 1988 to Notes carry on inserest rate of 712 per cent per ancient. The interest Dayable on the relevant interest payment date, 29 July 1988 against coupon No. will be USS83.94 per USS10.000 Note.

1.8260 CENTS PER UNIT

UNIT

54 Lombard Street, London EC3P 3AH

Clubs

OKG AKTIEBOLAG (Formerly Oakars -Kraftgrupp Aktiebolag) U.S.\$50,000,000 RETRACTABLE BONDS 1997

The Stock Exchange in London we interm holders of the above mentioned Bonds that copies of the English language version of the Annual Report and Accounts of that copies as in a sign of the Annual Report and Accounts as sign of the Annual Report and Accounts as sign of the Annual Report and Accounts as sign of the Annual Report and Accounts to the Annual Report and

Personal

LLI INTERNATIONAL

INSURANCE INVESTORS N.V.

August 18, 1985

To the Shareholders of

I.I. International Incurance

Invoctors N.V.

NOTICE IS HEREBY GIVEN that the

innoal General Meeting of Shareholder

M.V. (the "Company") will be held at the Treasure falend Resort Hotel, St. Mearten.

10:00 a.m. Neherlands Artilles time tor considering the following Agenda: 1) Consideration of the Report of the Man-aging Searct 2) Consideration and approval of the

profit and lose monut for the Strandal year from January 1, 1967 to December 31, 1967 and belance about as at December 31, 1967;

The election of one class A and reelection of one class C Managing

Director;
4) The appointment of a parson to the office envisaged by Article 8 (5) of the

Arteres in incorporation;

The appointment of an independent character accountant for the study of the financial statements for the year eaching December 31, 1985;

The presection of such other business.

Holders of bearers shares, in order t

executes their rights at the Meeting, most establish their ownership of such shares to a manner satisfactory to the Cheirman

of the Masting, Neverbeless, they may establish such demership by depositing such shares for a Certificate of Deposit of such shares for a Certificate of Deposit of the hanging Board) at the offices of J. Henry Schroder Wagg & Co. Limited, 120 Chespelde, Lon-

Wangs & Co. Limited, 120 Cheepaids, London & EG2Y BDS. England mgainst written receipt, not later than five days prior to the date of the Meeting and by producing this receipt at the Meeting, Shareholdern may, be trapseceded at the Meeting, by written proxy empowered for a leave.

The 1982' suchand Registry at the Company of the Property of the Pro

Articles of Incorporation:

berlands Antiles on August 15, 1969 at

Friday, the 22nd day of July 1988 at (100 o'olook in the foreopen, for the purposes men-tioned in Section 90, 100 and 101 of the sent Act. NOTICE OF THE ANNUAL **GENERAL MEETING OF** Statements of trains, and princy forms if appri-cable, most be hodged at 105 Gueen Victoria, Street, London EC4 not letter than 4.00pm in the 21st day of July 1995. SHAREHOLDERS to be held on

bir R. Smith, of ? Puddle Dook, Blackfriats. London ECPF 3PD, belachone 82 200 8008 (reference CR extension SEF4) in qualified to act so an insoftwary practitioner in relation to the above company and will shrints quadiana, tree of charge, with such information concerning the company's effects so is researchly required.

Quied this 12th day of July 1996.

SEVENDAKS CHOCOLATES LIMITED

Sustainments of states, and prote-torne is appli-ciable, must be lodged at 185 Queen Victorie Striet, Landon 204 not leave may 4.00pm in the Plat diegraf John 1868.

Mr R: Similia of 1 Publis Dook, Respectance, London ECNV SPD, telephone 01 200 2000 fraterance CR accession 2079 is qualified to act as an importancy practitioner in relation to the above company and with furgish creditors, tree of charge, with such information concerning the company's attains 46 is relatedably required.

Debed this 12th day of July 1900. By order of the Board D.J. Holden Ointotor

HALE HANGLTON (LONDON) LIMITED

Statements of claim, and prosy forms if appli-cable, must be lodged at 186 Cusen Victoria Street, London SCI act later than 4.00pm in the 21st day of July 1986.

ner sez auguste mencia) statements are available for Impeción at the Company's Registered Office. De Ruyturkade d2, Curacoo, Netterianda Antiflea. Alterna-tively, copies of the Reservis. Statementa may be obtained by writing to the under-bigned at P.O. Sex HM 2354, Hamilton HEZIV Reservis. Onled this 12th day of July 1865.

Legal Notices

he Maneging Sourd, JULIAN E. ASHEY

Chief Operating Office

MEASURESKILL LIMITED

L. John Mertin fradale of Cock Gusty, Phopen House, Station Hill, Reading, PiG1 1UM was provided Administrative Reading of Measures hill Limited (Negletred No. 273311), By Statio Pinance Lighted en 11 July 1888. Detred 12th July 1968

HAZIX, Bermude. By Order of the Mr

Detect: July 4, 1986

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1980, that a meeting of the creditors of the above-seemed company will be held at 20 ferringdon Streen, London, ECA on Friday, the Jaind day of July 1988 at 10.15 o'clock in the invencors, for the purposes mentioned in Section 98, 100 and 101 of the seld Act

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Inschancy Act 1980, that a meeting of the credition at this stock-normal benefity with the rivid at 20 Parriagion Street, London, Ecd on Friday, the 22nd day of July 1986 at 10-45 are, for the purposa meeting the Bestion 18, 100 and 101 of the said Act

No. R. Santh of 1 Petidle Dock, Blackstree, London BONV 3PO, telephone 01 250 2000 (natural ance CP systemion 2574) is qualified to set as an insortweety practitioner to relation to the above company and will furnish craditard, free of change, well such internation concurring the company's attains as a requirement registration

By order of the Scent C.J. Norden Director

COMMERCIAL PROPERTY

Advertising Appears Every Friday For Details Ring (01) 248-8000 ext 3269,3211,4196 or 3284

Willan Har